

ATTACHMENT A

Insurance Commissioner
ACCEPTED SOP

MAY 19 2021

TIME: 2pm

COPY
Original Filed

MAY 14 2021

TIMOTHY W. FITZGERALD
SPOKANE COUNTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON

IN AND FOR THE COUNTY OF SPOKANE

VANDERVERT CONSTRUCTION,
INC.,

Plaintiff,

v.

ALLIED WORLD SPECIALTY
INSURANCE COMPANY (D/B/A
DARWIN NATIONAL ASSURANCE
COMPANY), a Delaware Company,
and WESTCHESTER FIRE
INSURANCE COMPANY, a
Pennsylvania Company,

Defendants.

Adjunct Case No.

21201306-32

Receivership Case No. 18-2-00431-9

COMPLAINT

Plaintiff Vandervert Construction, Inc., by and through Barry W. Davidson, in
his capacity as Receiver thereof, by and through his attorneys of record Dunn & Black,
P.S., and alleges as follows:

COMPLAINT - 1

DUNN & BLACK

LAWYERS

A PROFESSIONAL SERVICE CORPORATION

BANNER BANK BUILDING
111 NORTH POST, SUITE 300
SPOKANE, WASHINGTON 99201-0705
VOICE: (509) 455-8711 • FAX: (509) 455-8734

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PARTIES, JURISDICTION, AND VENUE

1. Pursuant to the Order Appointing General Receiver entered by this Court on February 2, 2018, in *In re: Vandervert Construction, Inc.*, Spokane County Case No. 18-2-00431-9, Plaintiff Barry W. Davidson was appointed and is acting as the Receiver of Vandervert Construction, Inc.

2. Pursuant to RCW 7.60.160(2), litigation by or against a receiver is adjunct to the receivership case. The clerk of the court shall assign a cause number that reflects the relationship of any litigation to the receivership case. All pleadings in adjunct litigation shall include the cause number of the receivership case as well as the adjunct litigation number assigned by the clerk of the court. All adjunct litigation shall be referred to the judge, if any, assigned to the receivership case.

3. Vandervert Construction, Inc. ("Vandervert") is a Washington corporation currently in receivership pursuant to RCW 7.60 *et seq.* Prior to being placed in receivership, Vandervert operated as a general contractor with its principal place of business in Spokane County, Washington. At all times material hereto, VCI was fully licensed under Washington State general contractor no. VANDECI088DF. VCI has done all things required of it to maintain and bring the current lawsuit.

4. Upon information and belief, Defendant Allied World Specialty Insurance Company is a Delaware corporation. Upon information and belief, Allied World Specialty Insurance Company is a parent company, a successor in interest to, or was at

1 all times material hereto doing business as, Darwin National Assurance Company.
2
3 Defendant Allied World Specialty Insurance Company is referred to herein as
4 Allied/Darwin. Allied/Darwin is registered with the Washington Office of the
5 Insurance Commissioner license number 505. Allied/Darwin does business as an
6 insurance company issuing insurance policies within the State of Washington.
7

8 5. Upon information and belief, Defendant Westchester Fire Insurance
9 Company ("Westchester Fire") is a Pennsylvania corporation. Westchester Fire is
10 registered with the Washington Office of the Insurance Commissioner license number
11 25. Westchester Fire does business as an insurance company issuing insurance policies
12 within the State of Washington.
13

14 6. Vandervert has complied with RCW 48.30.015(8)(a) and provided notice
15 of the basis for this cause of action to both Defendant Allied/Darwin and Defendant
16 Westchester Fire and to the Office of the Insurance Commissioner at least twenty days
17 prior to filing these claims for violation of the Insurance Fair Claims Act at RCW
18 48.30.015. Defendants Allied/Darwin and Westchester have each failed to resolve the
19 basis for the action within the twenty-day notice period.
20

21 7. All acts complained of herein occurred within the State of Washington.

22 8. Pursuant to RCW 7.60.160, venue and jurisdiction are proper in this
23 Court.
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FACTS

9. Vandervert realleges and incorporates by reference all preceding allegations as if fully stated herein.

A. The Project

10. Plaintiff Vandervert entered into a construction contract with owner, Washington Square Hotel Holdings, LLC (the "Owner"), for the construction and completion of the Hilton Garden Inn, located at 10620 NE 9th Place (also known as 965 108th Ave. NE), Bellevue, WA 98004 (the "Project").

11. The Owner was required under the express terms of the construction contract to obtain property insurance for the Project during the course of construction.

12. The Owner purchased a Builder's Risk Xtra insurance policy from Defendants Allied/Darwin and Westchester Fire (collectively, "the Insurers") to cover the Project located at 965 108th Ave. NE (also known as 10620 NE 9th Place), Bellevue, Washington during the policy period of July 14, 2015 – January 14, 2017 ("the Policy"), from property loss suffered during the course of the Project's construction. A true and correct copy of the Policy is attached hereto as **Appendix A** and is expressly incorporated herein by reference.

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2 **B. The Policy**

3 13. The Policy identifies the Owner as the named insured.

4 14. The Policy also identifies the Project's "contractor" (Vandervert) as an
5 Additional Insured. Thus, Vandervert is a first-party insured under the Policy.

6 15. Plaintiff Vandervert did not participate in the drafting or negotiation of the
7 Policy or forms utilized by the Insurers.

8 16. The Policy expressly covers "*direct physical loss to Covered Property*
9 *from any of the Covered Causes of Loss.*"

10 17. Under the Policy, the term **Loss** "*means accidental loss or damage.*"

11 18. The Policy defines "**Covered Causes of Loss**" as "*risks of direct physical*
12 *loss to the Covered Property, except those causes of loss listed in the Exclusions.*"

13 19. "**Water Damage**" is defined by the Policy as "*any loss from water except*
14 *loss caused by or resulting from flood*" and is a covered cause of loss.

15 20. The Policy expressly states that "*flood does not mean the accumulation of*
16 *water from any source on a roof or other surface of a building, dwelling or structure.*"

17 21. Thus, under the Policy "**water damage**" which results from "*accumulation*
18 *of water from any source on a roof*" is a covered cause of loss.

19 **C. Vandervert's Covered Loss**

20 22. In October and December 2016, the Project experienced a series of
21 catastrophic rain/snow events.
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2 23. From October 13-17, 2016, the Project experienced over five inches of
3 rainfall and over 11 inches of rainfall during the entire month of October 2016..

4 24. This record setting rainfall caused substantial accumulation of standing
5 water on the Project's flat roof.

6 25. Vandervert installed temporary water pumps on the Project's flat roof in
7 order to pump the accumulating water from the flat roof into the open courtyard below.
8

9 26. The volume of standing water overwhelmed the temporary water pumps
10 and the accumulated water leaked through mechanical roof openings causing extensive
11 water damage to the structure below.
12

13 27. On December 18, 2018, the Project experienced snow fall which plugged
14 the drainage scuppers and caused water to accumulate on the flat roof.

15 28. This accumulated water again leaked into the interior of the building
16 causing additional water damage.
17

18 29. On December 12, 2016, the Project experienced another rainstorm but the
19 roof pumps failed, allowing water to accumulate again on the flat roof and leak into the
20 interior of the building.

21 30. Vandervert was forced to remove and replace previously installed
22 electrical systems, mitigate damage caused to HVAC systems and reimburse both
23 subcontractors for the costs associated with replacing and repairing this water damaged
24 work.
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2 31. Vandervert also incurred expenses for increased general condition costs
3 and other miscellaneous costs as a result of the water damage.

4 32. Additionally, Vandervert incurred liquidated damages to the Owner due to
5 the delays caused by the water damage resulting from these events.

6 33. As a result of these events, Vandervert suffered insured losses in an
7 amount to be proven at trial.
8

9 **D. Defendant's Wrongful Denial of Coverage**

10 34. On or about April 27, 2018, Vandervert filed a claim with the Defendant
11 Insurers for insured losses incurred by Vandervert under the Policy.
12

13 35. Approximately nineteen months later, on or about November 26, 2019,
14 Defendant Insurers wrongfully and in bad faith "preliminarily denied" Vandervert's
15 claims based upon inaccurate facts and inapplicable exclusions.

16 36. On March 27, 2020, Vandervert sent Defendant Insurers a letter
17 explaining the factual and legal errors in the Insurer's "preliminary denial" and again
18 demanding payment for Vandervert's insured losses.
19

20 37. Defendant Insurers have continued to wrongfully and in bad faith deny
21 Vandervert's claim for covered losses.

22 38. As a result of the Insurers' wrongful conduct, Plaintiff Vandervert has
23 suffered damages, including attorney fees and costs, in an amount to be determined at
24 trial.
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FIRST CAUSES OF ACTION
(Violation of Insurance Fair Conduct Act)

39. Vandervert realleges and incorporates by reference all preceding allegations as if fully stated herein.

40. Vandervert was a first-party insured under the Policy underwritten and issued jointly by Defendants Allied/Darwin and Westchester Fire.

41. On or about April 27, 2018, Vandervert submitted a first-party claim to the Insurers.

42. In violation of RCW 48.30 et seq., the Insurers unreasonably denied Vandervert's claim for coverage or payment of benefits.

43. Such unreasonable denial includes, without limitation, violations of RCW 48.30 et seq., WAC 284-30-330, WAC 284-30-350, WAC 284-30-360, WAC 284-30-370, and WAC 284-30-380.

44. As a direct and proximate result, Vandervert has suffered monetary damages and will suffer monetary damages in the future in an amount to be proven at the time of trial.

45. Pursuant to RCW 48.30.015(2), Vandervert is also entitled to an award of treble damages based upon a finding that the Insurers unreasonably denied Vandervert's claim for coverage.

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46. Pursuant to RCW 48.30.015(3), Vandervert is entitled to an award of reasonable attorney fees and actual and statutory litigation costs, including expert witness fees, based upon a finding that the Insurers unreasonably denied Vandervert's claim for coverage.

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SECOND CAUSE OF ACTION
(Bad Faith)

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47. Vandervert realleges and incorporates by reference all preceding allegations as if fully stated herein.

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48. At the time Vandervert became an insured under the Policy, Vandervert placed its trust in the Insurers and their respective employees/representatives to act in good faith and in a reasonable manner in the event Vandervert should ever make a claim against the Policy.

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49. The Insurers were in a fiduciary relationship with Vandervert and were under a duty to deal fairly with their insured, including, without limitation, to engage in fair and equitable settlements where applicable; to engage in a prompt and thorough investigation of claims; and to use the skill, care, and knowledge of other claims representatives and underwriters practicing as insurance claims representatives and underwriters in evaluating and investigating claims made by the insured.

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50. The Insurers, in bad faith, failed to fully and completely investigate Vandervert's claims in a prompt and thorough manner as required by law, and wrongfully and in bad faith denied coverage for Vandervert's claims. The Insurers

1 acted in violation of Washington law, including, without limitation, RCW 48.30 et seq.,
 2 WAC 284-30-330, WAC 284-30-350, WAC 284-30-360, WAC 284-30-370, and WAC
 3 284-30-380.
 4

5 51. As a direct and proximate result, Vandervert has suffered monetary
 6 damages and will suffer monetary damages in the future in an amount to be proven at
 7 the time of trial including attorney fees and costs.
 8

9 **THIRD CAUSE OF ACTION**
 10 **(Breach of Contract)**

11 52. Vandervert realleges and incorporates by reference all preceding
 12 allegations as if fully stated herein.

13 53. The Insurers' denial of Vandervert's claim for damages was in violation
 14 of the terms of the Policy and is a breach of the insurance contract, since the Policy
 15 clearly covers the losses incurred and imposed upon the Insurers the duty to reimburse
 16 Vandervert for such losses.
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18 54. The Insurer's denial of the claim breached the implied covenant of good
 19 faith and fair dealing.

20 55. The Insurers have breached the insurance contract under which
 21 Vandervert was an insured under the Policy:
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23 56. As a direct and proximate result of such breaches, Vandervert has incurred
 24 damages, including consequential and incidental damages, the exact extent of which
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1 will be proven at the time of trial. Vandervert has incurred and will incur additional
2 attorney fees and costs to seek coverage under this contract as a result of the Insurers'
3 breach. The Insurers are liable for all such damages suffered by Vandervert.
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5 **FOURTH CAUSE OF ACTION**
6 **(Negligence)**

7 57. Vandervert realleges and incorporates by reference all preceding
8 allegations as if fully stated herein.
9

10 58. The Insurers were in a fiduciary relationship with Vandervert and were
11 under a duty to deal fairly with their insured, including, without limitation, to engage in
12 fair and equitable settlements where applicable; to engage in a prompt and thorough
13 investigation of claims; and to use the skill, care, and knowledge of other claims
14 representatives and underwriters practicing as insurance claims representatives and
15 underwriters in evaluating and investigating claims made by the insured.
16

17 59. The Insurers negligently failed to investigate Vandervert's claim in a
18 prompt and thorough manner as required by law and negligently denied coverage on
19 Vandervert's claims.
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21 60. As a direct and proximate result, Vandervert has suffered monetary
22 damages and will suffer monetary damages in the future in an amount to be proven at
23 trial.
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FIFTH CAUSE OF ACTION
(Violation of Consumer Protection Act)

61. Vandervert realleges and incorporates by reference all preceding allegations as if fully stated herein.

62. The Insurers engaged in unfair and deceptive acts and practices under the Washington Consumer Protection Act, RCW 19.86, et seq., and applicable insurance regulations promulgated by the Washington Insurance Commissioner in WAC 284-30 et seq.

63. The Insurers' conduct is unlawful, unfair and deceptive. Furthermore, such conduct has the capacity to deceive a substantial portion of the purchasing public.

64. Vandervert has suffered damages as a direct and proximate result of the Insurers' unfair or deceptive acts or practices. Furthermore, the Insurers' conduct impacts the public interest.

65. As a direct and proximate result of the Insurers' unfair and deceptive acts and practices, Vandervert has sustained actual damages in an amount to be proven at the time of trial. Vandervert is entitled to recover treble damages, litigation costs, and attorney fees pursuant to RCW 19.86.090.

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SIXTH CAUSE OF ACTION
(Declaratory Judgment)

66. Vandervert realleges and incorporates by reference all preceding allegations as if fully stated herein.

67. Vandervert requests a declaratory ruling by the Court that Vandervert is an insured covered by the Policy issued by the Insurers and that Vandervert is entitled to the benefits of the Policy, including, without limitation, payment for the covered losses under the Policy sustained during construction of the Project.

PRAYER FOR RELIEF

WHEREFORE, Vandervert Construction, Inc. prays for the following relief:

1. For judgment against Defendants Allied World Specialty Insurance Company and Westchester Fire Insurance Company, jointly and severally, in an amount to be proven at trial;

2. For treble damages as provided by applicable law, RCW 48.30.015 and/or RCW 19.86.090;

3. For interest provided by applicable law;

4. For attorney fees and costs, including expert witness fees as provided by applicable law and/or RCW 48.30.15, RCW 19.86.090, and Olympic S.S. Co., Inc. v. Centennial Ins. Co., 117 Wn.2d 37, 811 P.2d 673 (1991);

1
2 5. For a declaration that Vandervert Construction, Inc. is covered by
3 Defendants' insurance policy for the losses; and

4 6. For further relief as the Court deems just and equitable.
5

6 DATED this 14th day of May, 2021.
7

8 DUNN & BLACK, P.S.
9

10 
11 RICHARD T. WETMORE, WSBA #40396

12 
13 JOHN C. BLACK, WSBA #15229

14 *Attorneys for Plaintiff*
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DARWIN NATIONAL ASSURANCE COMPANY

1690 New Britain Avenue, Farmington, CT 06032 · Tel. (860) 284-1300 · Fax (860) 284-1301

COMMERCIAL INLAND MARINE -- DECLARATIONS

POLICY NUMBER: 0309-7022

RENEWAL OF:

PRODUCER NAME AND ADDRESS: R-T Specialty, LLC DBA R-T Specialty
Insurance Services, LLC
3400 W. Olive Ave., Suite 350
Burbank, CA 91505

NAME OF INSURED: Washington Square Hotel Holdings

MAILING ADDRESS: 10620 NE 9th Place
Bellevue, WA 98004

POLICY PERIOD: From: July 14, 2015 To: January 14, 2017 at
12:01 a.m. Standard Time at your mailing address shown above.

IN RETURN FOR YOUR PAYMENT OF THE PREMIUM, WE PROVIDE THE INSURANCE AS DESCRIBED IN THIS POLICY.

BUSINESS DESCRIPTION: Ground up wood frame construction of one hotel - 6 stories above ground and 2 below ground 254 rooms - Total sq ft 216,600

LOSS PAYABLE NAME AND MAILING ADDRESS:

LOCATION ADDRESS: 965 108th Avenue NE
Bellevue, WA 98004

FORMS APPLICABLE TO ALL COVERAGES:

1. CL 1045 (01/2015) Policyholder Disclosure Notice Of Terrorism Insurance Coverage
2. CM-IL 00014 00 (04/2015) What To Do If A Loss Occurs General Information
3. IM 2097 (01/2013) Amendatory Endorsement - Washington
4. CL 0700 (10/2006) Virus Or Bacteria Exclusion
5. CL 0465 (01/2001) Loss Payable Endorsement Washington

CM 00011 00 (08/10)

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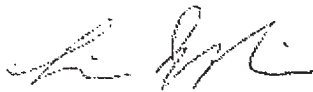
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APPENDIX A

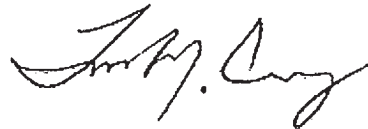
6. WSHH Manu A - Follow Form Commercial Inland Marine
7. Westchester Fire Insurance Company Lead Policy

PREMIUM: \$71,892

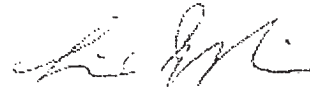
IN WITNESS WHEREOF, WE HAVE CAUSED THIS POLICY TO BE EXECUTED AND ATTESTED.
THIS POLICY SHALL NOT BE VALID UNLESS COUNTERSIGNED BY OUR DULY AUTHORIZED
REPRESENTATIVE.



PRESIDENT



ASST. SECRETARY



AUTHORIZED REPRESENTATIVE

AAIS
CL 1045 01 15
Page 1 of 3

Insurance Company: Darwin National Assurance Company

Policy Number: 0309-7022

Named Insured: Washington Square Hotel Holdings

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act. See the next page for a further description of an act of terrorism as provided under the Act.

ACCEPTANCE OR REJECTION OF TERRORISM INSURANCE COVERAGE

You may accept or reject this offer of coverage. If you choose to accept this coverage, the premium for this coverage is payable according to the terms of your billing notice. You may reject this offer by completing and signing this statement and returning it to us. If you send us a signed rejection of coverage, your policy will exclude coverage for certified terrorism losses.

In the state of , a terrorism exclusion makes an exception for fire losses resulting from an act of terrorism. Accordingly, if you reject the offer of terrorism coverage as provided under the program, that rejection is not applicable to fire losses resulting from an act of terrorism. In this state, the coverage in your policy for such fire losses will continue. The premium for such fire coverage is stated below. This premium is due whether or not you reject the offer described above for terrorism coverage.

One of the following premiums is due:

If you accept this offer, the premium for terrorism coverage is

If you reject this offer, the premium for terrorism (fire only) coverage is

_____ I accept this offer of terrorism coverage and acknowledge that I have been notified that under the Terrorism Risk Insurance Act, as amended, any losses resulting from certified acts of terrorism under my policy may be partially reimbursed by the United States government and may be subject to a \$100 billion cap that may reduce my coverage, and I have been notified of the portion of my premium attributable to such coverage.

_____ I hereby reject this offer of terrorism coverage. I understand that an exclusion of certified terrorism losses will be made part of this policy. I also acknowledge that I have been notified that under the Terrorism Risk Insurance Act, as amended, any fire losses resulting from certified acts of terrorism under my policy may be partially reimbursed by the United States government and may be subject to a \$100 billion cap that may reduce my coverage, and I have been notified of the portion of my premium attributable to such coverage.

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CL 1045 01 15
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The portion of your annual premium that is attributable to coverage for acts of terrorism, as defined in the Act, is:

\$1,236.00

_____ I accept this offer of terrorism coverage and acknowledge that I have been notified that under the Terrorism Risk Insurance Act, as amended, any losses resulting from certified acts of terrorism under my policy may be partially reimbursed by the United States government and may be subject to a \$100 billion cap that may reduce my coverage, and I have been notified of the portion of my premium attributable to such coverage.

_____ I hereby reject this offer of terrorism coverage. I understand that an exclusion of certified terrorism losses will be made part of this policy. I also acknowledge that I have been notified that under the Terrorism Risk Insurance Act, as amended, any losses resulting from certified acts of terrorism under my policy may be partially reimbursed by the United States government and may be subject to a \$100 billion cap that may reduce my coverage, and I have been notified of the portion of my premium attributable to such coverage.

You should know that where coverage is provided by this policy for losses resulting from certified acts of terrorism, such losses may be partially reimbursed by the United States government under a formula established by federal law. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019; and 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The premium charged for this coverage is shown above and does not include any charges for the portion of loss that may be covered by the federal government under the Act.

You should also know that the Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

Policyholder's Signature:

Date:

Print Name

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The following excerpt from the Act is provided for your information:

According to Section 102(1) of the Terrorism Risk Insurance Act, as amended, "The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States ---- (i) to be an act of terrorism; (ii) to be a violent act or an act that is dangerous to (I) human life; (II) property; or (III) infrastructure; (iii) to have resulted in damage within the United States, or outside the United States in the case of (I) an air carrier or vessel described in paragraph (5)(B); or (II) the premises of a United States mission; and (iv) to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion."

CL 1045 01 15

NOTICE

WHAT TO DO IF A LOSS OCCURS GENERAL INFORMATION

In the event "you" suffer a loss which "you" believe is covered by "your" policy, please contact Network Adjusters Inc. at:

Phone: 1-877-533-1211

Fax: 1-860-284-1307

New Loss E-mail: Inlandmarinenewloss@awac.com

Web: www.networkadjusters.com

In the event a loss occurs or is imminent, "your" primary duty is to act in every aspect as if no insurance existed and to employ reasonable means to minimize the loss and to prevent further damage.

PLEASE REFER TO EACH POLICY FOR SPECIFIC INSTRUCTIONS IN THE EVENT OF A LOSS.

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IM 2097 01 13
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This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

AMENDATORY ENDORSEMENT WASHINGTON

1. Under Definitions, the definition of "volcanic action", if applicable, is deleted and replaced by the following:

"Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow. It includes the cost to remove the initial deposit of ash, dust, or particulate matter that causes direct physical loss to the covered property. It does not include subsequent deposits arising from the movement of volcanic dust or ash by wind or other means.

2. Under Perils Excluded, the first paragraph of item 1. is deleted and replaced by the following:

"We" do not pay for loss or damage caused by any of the following excluded events. Loss or damage will be considered to have been caused by an excluded event if that event directly and solely results in loss or damage, or initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.

3. In the Builders' Risk Coverage forms, under Perils Excluded, Earth Movement is deleted and replaced by the following:

Earth Movement -- Any "earth movement" whether natural or manmade and regardless of whether or not the cause of the "earth movement":

- 1) originated at the covered property; or
- 2) was being performed at "your" request or for "your" benefit.

However, if eruption, explosion, or effusion of a volcano results in "volcanic action", "we" will pay for the loss or damage caused by that "volcanic action".

If "earth movement" results in fire, "we" will pay for the loss or damage caused by that fire. If "earth movement" (other than eruption, explosion, or effusion of a volcano) results in explosion, "we" will pay for the loss or damage caused by that explosion.

This exclusion does not apply to covered property while in transit.

4. In the Renewable Energy Generating Equipment Coverage form, under Perils Excluded, the second paragraph of item 3. is deleted and replaced by the following:

"We" do not pay for loss or additional expenses due to any increase in the "interruption period" caused by any of the following excluded events. Loss or additional expenses will be considered to have been caused by an excluded event if that event directly and solely results in loss or additional expenses, or initiates a sequence of events that results in loss or additional expenses, regardless of the nature of any intermediate or final event in that sequence.

5. In the Delay In Completion Coverage Part, under Additional Perils Excluded, the second paragraph is deleted and replaced by the following:

"We" do not pay for any additional expenses, costs, or losses due to any increase in the "delay period" caused directly by one or more of the following excluded causes or events. Additional expenses, costs, or losses will be considered to have been caused by an excluded event if that event directly and solely results in additional expenses, costs, or losses, or initiates a sequence of events that results in additional expenses, costs, or losses, regardless of the nature of any intermediate or final event in that sequence.

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IM 2097 01 13
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6. Under Valuation, Actual Cash Value, if applicable, is amended to include the following:

Actual cash value may include a deduction for depreciation or an adjustment for appreciation, however caused.

7. Under Valuation, Replacement Cost, if applicable, is amended as follows:

The words "similar materials", wherever they appear, are deleted and replaced by the words "new materials of like kind and quality".

8. Under Other Conditions, Misrepresentation, Concealment, Or Fraud is deleted and replaced by the following:

Misrepresentation, Concealment, Or Fraud -- This coverage is void if before or after a loss:

- a. any insured has intentionally concealed or misrepresented:

- 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
- 2) the insured's interest herein.

- b. there has been fraud or false swearing by any insured with regard to a matter that relates to this insurance or the subject thereof.

9. Under Other Conditions, Recoveries is amended to include the following:

The Recoveries provision does not apply to a recovery that results from subrogation against others.

10. In the Data Compromise Coverage form, under Other Conditions, Right Of Recovery is amended to include the following:

If an insured assigns to "us" the right of recovery under this provision and "we" recover from another party, "we" will make the insured whole before recovering for "our" loss.

11. Under Other Conditions, Subrogation is deleted and replaced by the following:

Subrogation -- If "we" pay under this policy, "we" may require from an insured an assignment of the rights of recovery. "We" are not liable for a loss if an insured impairs "our" right to recover. "You" may waive "your" right to recover, in writing, before a loss occurs, without voiding coverage. If "we" pay a loss to or for an insured and the insured recovers from another party for the same loss, the insured will reimburse "us" as provided under Recoveries. If an insured assigns to "us" the rights of recovery under this provision and "we" recover from another party, "we" will make the insured whole before recovering for "our" loss.

12. Under Reporting Conditions, if applicable, Premium Computation And Adjustment is amended to include the following:

The minimum premium is not subject to a refund unless "we" cancel the policy.

IM 2097 01 13

AAIS
CL 0700 10 06
Page 1 of 1

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

VIRUS OR BACTERIA EXCLUSION

DEFINITIONS

Definitions Amended --

When "fungus" is a defined "term", the definition of "fungus" is amended to delete reference to a bacterium.

When "fungus or related perils" is a defined "term", the definition of "fungus or related perils" is amended to delete reference to a bacterium.

PERILS EXCLUDED

The additional exclusion set forth below applies to all coverages, coverage extensions, supplemental coverages, optional coverages, and endorsements that are provided by the policy to which this endorsement is attached, including, but not limited to, those that provide coverage for property, earnings, extra expense, or interruption by civil authority.

1. The following exclusion is added under Perils Excluded, item 1.:

Virus or Bacteria --

"We" do not pay for loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

This exclusion applies to, but is not limited to, any loss, cost, or expense as a result of:

- a. any contamination by any virus, bacterium, or other microorganism; or
- b. any denial of access to property because of any virus, bacterium, or other microorganism.

2. **Superseded Exclusions** -- The Virus or Bacteria exclusion set forth by this endorsement supersedes the "terms" of any other exclusions referring to "pollutants" or to contamination with respect to any loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

OTHER CONDITIONS

Other Terms Remain in Effect --

The "terms" of this endorsement, whether or not applicable to any loss, cost, or expense, cannot be construed to provide coverage for a loss, cost, or expense that would otherwise be excluded under the policy to which this endorsement is attached.

CL 0700 10 06

AAIS
CL 0465 01 01
Page 1 of 2

This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

LOSS PAYABLE ENDORSEMENT WASHINGTON

(The entries required to complete this endorsement
will be shown below or on the "declarations" or "schedule of coverages".)

This form is identical to that promulgated in Washington State Insurance
Commissioner's Regulation No. 335, pursuant to section 1, Chapter 12, Laws of
1967, ex. sess., State of Washington.

1. Loss or damage, if any, under this policy shall be payable first to the loss payee or mortgagee (hereinafter called secured party), and, second, to the insured, as their interests may appear; PROVIDED, That, upon demand for separate settlement by the secured party, the amount of said loss shall be paid directly to the secured party to the extent of its interest.
2. This insurance as to the interest of the secured party shall not be invalidated by any act or neglect of the insured named in said policy or his agents, employees or representatives, nor by any change in the title or ownership of the insured property: Provided, however, That, the conversion, embezzlement or secretion by the named insured or his agents, employees or representatives is not covered under said policy unless specifically insured against and premiums paid therefor.
3. In applying the pro rata provisions of the policy, the amount payable to the secured party shall be reduced only to the extent of pro rata payments receivable by the secured party under other policies.
4. The company reserves the right to cancel the policy at any time as provided by its terms, but in such case the company shall mail to the secured party a notice stating when such cancellation shall become effective as to the interest of said secured party. The amount and form of such notice shall be not less than that required to be given the named insured, by law or by the policy provisions, whichever is more favorable to the secured party.
5. If the insured fails to render proof of loss within the time granted in the policy conditions, such secured party shall do so within sixty days after having knowledge of a loss, in form and manner as provided by the policy, and, further, shall be subject to the provisions of the policy relating to appraisal and the time of payment and bringing suit.
6. Whenever the company shall pay the secured party any sum for loss or damage under policy and shall claim that, as to the insured, no liability exists, the company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all collateral held to secure the debt, or may, at its option, pay to the secured party the whole principal due or to grow due on the mortgage or other security agreement, with interest, and shall thereupon receive a full assignment and transfer of the mortgage or other security agreement and of all collateral held to secure it; but no subrogation shall impair the right of the secured party to recover the full amount due it.

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CL 0465 01 01
Page 2 of 2

7. All terms and conditions of the policy remain unchanged except as herein specifically provided.
8. All notices sent to the secured party shall be sent to its last reported address, which must be stated in the policy or in this endorsement below.
9. The following item shall be completed if this endorsement is not referred to by number in the policy to which this endorsement is attached:

The foregoing is attached to and forms a part of Policy No. 0309-7022

of Darwin National Assurance Company Insurance Company,

issued to Washington Square Hotel Holdings.

Endorsement effective date July 14, 2015

10. If the secured party and its address is not designated in the policy to which this endorsement is attached, the following line(s) shall be completed:

Secured Party U.S. Bank National Association; Commercial Real Estate

Address: 170 South Main Street, 6th Floor, Salt Lake City, UT 84101

Secured Party

Address:

By Washington Square Hotel Holdings

Agent R-T Specialty, LLC DBA R-T Specialty Insurance Services, LLC

Form REG.-335

CL 0465 01 01

Copyright, American Association of Insurance Services, 2001



DARWIN NATIONAL ASSURANCE COMPANY

FOLLOW FORM COMMERCIAL INLAND MARINE INSURANCE

1. **Named Insured**

Washington Square Hotel Holdings

2. **Named Insured's Mailing Address**

10620 NE 9th Place
Bellevue, WA 98004

3. **Policy Period**

In return for your payment of the premium charged, this Policy attaches and covers for a period of 550 days, from 07/14/2015 to 01/14/2017 at 12:01 A.M., at the mailing address shown above.

4. **Policy Number**

Attached to and forming part of Policy No. 0309-7022 of the Darwin National Assurance Company

5. **Interests and Property Covered**

As per Lead Policy, except as otherwise provided herein.

6. **Perils Insured Against**

Darwin National Assurance Company (hereinafter the Company) covers direct physical loss or damage to the Insured's property, subject to the same exclusions, warranties, terms, definitions, limitations and conditions (except as respects premium and limit of liability of this Policy, and except as otherwise provided herein), as are contained in or as may be added or endorsed to the following Policy(ies), referred to as the "Lead Policy" as used throughout this Policy:

<u>Insurer</u>	<u>Policy Number</u>	<u>Participation</u>
Westchester Fire Insurance Company	108877099 001	\$19,264,228 (50%) part of \$38,528,455

7. **Location Address**

As per the Lead Policy, except as otherwise provided herein.

8. **Business Description**

As per the Lead Policy, except as otherwise provided herein.

WSHH Manu A

9. **Limits of Insurance**

A. **Coverage**

The Company's liability for any loss or damage under this policy is solely for the Company's percentage or quota share of the total applicable limits and sub-limits of insurance as listed on the declarations page of the Lead Policy. Further, the Company's liability is several and not joint, and in no event will the Company be liable for the percentage or quota share of any other insurer or organization participating on the same layer of coverage as this Policy.

B. **Limit of Insurance**

The most the Company will pay for loss or damage resulting from any covered cause of loss in any one occurrence is \$19,264,227 which is 50% of the total layer of Insurance listed on the declarations page of the Lead Policy.

C. **Sub-limits of Insurance**

The Company shall pay no more than 50% of any sub-limits listed on the declarations page of the Lead Policy, subject to a maximum of \$19,264,227.

The Company's percentage or quota share of any sub-limits is part of, and not in addition to, the Company's percentage or quota share of the limit of insurance listed under **8.B. Limits of Insurance**.

10. **Premium**

\$71,892

11. **Deductible**

The Company will deduct 50% of the deductible amounts shown on the declarations page of the Lead Policy or any other schedule attached from the amount of any adjusted loss.

12. **Loss Payable**

As Lead Policy, except as otherwise provided herein.

13. **Cancellation**

As per Lead Policy, except as otherwise provided herein.

14. **Warranty Clause**

It is warranted by the first Named Insured that the Lead Policy shall be maintained in full force and effect during the Policy Period. In the event the first Named Insured elects to cancel the Lead Policy(ies), the Company shall be notified in writing before such cancellation becomes effective. Failure to do so will not invalidate this Policy but if the first Named Insured fails to comply with these requirements, the Company will be liable only to the same extent that the Company would have, had the first Named Insured fully complied with these requirements.

15. Substitution of Terms

The provisions contained in this Policy shall supersede those of the Lead Policy wherever the same may conflict. The coverage provided by this Policy will be no broader than the coverage provided by the Lead Policy.

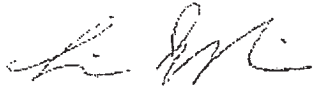
16. Titles of Provisions and Endorsements

The several titles of the various provisions of this Policy as now or hereafter attached to this Policy, are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

17. Permission for Excess Insurance

Permission is hereby granted to purchase insurance in excess of the amount stated in this policy. Such excess insurance shall not be considered other insurance for the purposes of any other insurance clause in the Lead Policy.

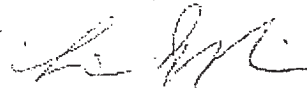
IN WITNESS WHEREOF, WE HAVE CAUSED THIS POLICY TO BE EXECUTED AND ATTESTED. THIS POLICY SHALL NOT BE VALID UNLESS COUNTERSIGNED BY OUR DULY AUTHORIZED REPRESENTATIVE.



President



Asst. Secretary



AUTHORIZED REPRESENTATIVE

Policy Number: 108877099 001
 Named Insured & Mailing Address:
Washington Square Hotel Holdings
10620 NE 9th PI
Bellevue, WA 98004

Company Name: Westchester Fire Insurance Company
 Producer's Name & Address:
R T SPECIALTY INSURANCE
1100 WALNUT STREET
KANSAS CITY, MO 64106
Z00568 - New

Business Description: Contractor

When Coverage Begins: **07/14/2015** 12:01 A.M. Local Time at Named Insured's Address

When Coverage Ends: 01/14/2017 12:01 A.M. Local Time at Named Insured's Address

In return for the payment of premium, and subject to all the terms and conditions of this policy, we agree to provide the insurance as stated in this policy.

The premium for this policy is indicated below next to the applicable Coverage Form(s).

Coverage Form

Builders Risk Xtra	\$	70,656
---------------------------	----	---------------

TRIPRA	\$	2,826
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§

\$

\$ _____

\$ _____

\$ _____

\$ _____

Total Premium: \$ 73,482

Total Assessments, Fees, Surcharges, Taxes:	\$	0
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Total Amount Due: \$ 73,482

Minimum Earned Premium: \$ 17,664

See Forms Schedule CPfs2

Authorization Information

Date: 7/26/2015



JOHN J. LUPICA, President

Authorized Representative

These Declarations together with the Coverage Declarations, Common Policy Conditions and Coverage Conditions (if applicable), Coverage Form(s) and Forms and Endorsements, if any, issued to form a part thereof, complete the above numbered policy.

APPENDIX A

Forms Schedule

Company: Westchester Fire Insurance Company

SYM: IMC

Policy ID: I08877099 001

Policy Period

When Coverage Begins: 07/14/2015

12:01 A.M. Local Time At Named Insured's Address

When Coverage Ends: 01/14/2017

12:01 A.M. Local Time At Named Insured's Address

**Applicable to
all Coverage
Parts**Form No. and Description

BB-5W58a (09/11)-Common Policy Declarations
 ACE0223 (10/11)-Common Policy Conditions
 ALL-21101 (11/06)-Trade or Economic Sanctions Endorsement
 TR-45231 (01/15)-Policyholder Disclosure Notice Of Terrorism Insurance Coverage
 ALL-20887 (10/06)-ACE Producer Compensation Practices & Policies
 IL P 001 (01/04)-U.S. Treasury Departments' Office of Foreign Assets Control
 ("OFAC") Advisory Notice to Policyholders
 CC-1K11h (03/14)-Signatures

**Commercial
Inland Marine**Form No. and Description

ACE0443 (02/09)-Builders Risk XTRA Declarations
 ACE0444 (02/09)-Builders Risk XTRA Coverage Form
 ACE0431 (10/11)-Inland Marine Conditions
 ACE0210 (01/08)-Nuclear, Biological, Chemical, Radiological Exclusion
 ACE0480 (09/09)-Amendatory Endorsement - Washington
 ACE0627 (07/10)-Builders Risk Quota Share Limits Of Insurance And Deductible
 Endorsement
 ACE0725 (06/12)-Washington Cancellation And Non-Renewal Endorsement
 ALL-10753 (10/01)-Electronic Data Amendment Endorsement
 CM 01 07 (03/09)-Washington Changes
 IL 01 46 (08/10)-Washington Common Policy Conditions
 IL 09 52 (01/15)-Cap on Losses From Certified Acts.Terrorism
 ACE0210 (01/12)-Nuclear, Biological, Chemical, radiological Exclusion Endorsement
 - Washington
 ACE0278 (09/08)-Protective Safeguards
 ACE0432 (02/09)-Loss of Rents Endorsement
 ACE0437 (09/08)-Ordinance Or Law Endorsement
 ACE0440 (02/09)-Soft Costs Endorsement
 ACE0670 (05/11)-Minimum Earned Premium Endorsement
 MA-608255p (04/15)-Claims Directory Property and Inland Marine



BUILDERS RISK XTRA DECLARATIONS

Policy Number: I08877099 001
Named Insured & Mailing Address
Washington Square Hotel Holdings
10620 NE 9th PI
Bellevue, WA 98004

Company Name: Westchester Fire Insurance Company
Producer's Name & Address
R T SPECIALTY INSURANCE
1100 WALNUT STREET
KANSAS CITY, MO 64106
Z00568

I. General Policy Information

Business Description: Contractor

When Coverage Begins: 07/14/2015

12:01am Local Time at the
Named Insured's Address

When Coverage Ends: 01/14/2017

12:01am Local Time at the
Named Insured's Address

In return for the payment of premium and subject to all the terms and conditions of this policy, we agree to provide the insurance as stated in the policy.

II. Project Description

Description: Project is the ground up construction of a new hotel.

Project Site: 965 108th Avenue NE, Bellevue, Washington, 98004

III. Limits of Insurance

Occurrence Limit of Insurance

The most we will pay for all loss resulting from all Covered Causes of Loss in any one occurrence is: \$19,264,228 being 50% of the layer of insurance of \$38,528,455

Sub-limits of Insurance

The Sub-limits of Insurance below are the most we will pay for loss in any one occurrence for the coverage or Coverage Extension. The Sub-limits of Insurance are part of and not in addition to the Occurrence Limit of Insurance shown above.

Sub-limits of Insurance

New Construction	\$ 35,817,211
Temporary Structures	\$ 500,000
Property in Transit	\$ 500,000
Property in Temporary Storage or Staging Areas	\$ 500,000
Existing Buildings or Structures	\$ Not Covered

**Coverage Extensions****Sub-limits of Insurance**

Debris Removal	\$ 25% of the values at risk at time of loss subject to a maximum \$5,000,000
Protection of Property	\$ 250,000
Protection Service Charges	\$ 250,000
Fire Protection Systems	\$ 250,000
Valuable Papers and Records	\$ 250,000
Installed Trees and Shrubs	\$ 250,000 subject to a maximum of \$5,000 per item
Expediting Expense	\$ 250,000
Loss Data Preparation Costs	\$ 100,000
Contract Penalty	\$ 250,000
Furniture and Fixtures	\$ 500,000
Construction and Office Trailers	\$ 500,000

Ordinance or Law Coverage**Sub-limits of Insurance**

Coverage A	\$ 35,817,211
Coverage B	\$ 5,000,000
Coverage C	\$ 5,000,000
All Ordinance or Law Coverages in any one <i>occurrence</i>	\$ 35,817,211

Soft Costs

Soft Costs Categories	Sub-limit of Insurance
The most we will pay for all Soft Costs in any one <i>occurrence</i> is	\$ 600,000

However, we will not pay more than the Sub-limit of Insurance shown below for each covered category of Soft Costs

1. Advertising and promotional expenses;	\$ Included
2. Architectural and/or engineering supervisory services and consulting fees;	\$ Included
3. Audit and bookkeeping services;	\$ Included
4. Commissions or fees for the renegotiation of leases;	\$ Included
5. Fees for licenses and permits;	\$ Included
6. Insurance premiums for the Builders Risk, Workers' Compensation and General Liability Insurance;	\$ Included
7. Interest on the construction loan;	\$ Included



8. Realty taxes and other assessments;

\$ Included



9. Rental or lease expense of construction equipment;	\$ Included
10. Legal and accounting fees.	\$ Included
11. Other	\$ Not Covered
12. Other	\$ Not Covered

The Period of Indemnity for Soft Costs is: 548 Days

Business Income

The most we will pay for loss of Business Income in any one *occurrence* is: \$ Not Covered

The Period of Indemnity for Business Income is: Not Applicable

Loss of Rents

The most we will pay for Loss of Rents in any one *occurrence* is: \$ 2,111,244

The Period of Indemnity for Loss of Rents is: 548 Days

Annual Aggregate Sub-limits of Insurance

If a Sub-limit of Insurance is shown below for the peril(s) of *earth movement* or *flood*, the exclusion(s) for the specific peril(s) contained in the Builders Risk XTRA Coverage Form is(are) deleted.

The Aggregate Sub-limits of Insurance below for the perils of *earth movement* and *flood* are the most we will pay for *loss* in any one *occurrence* and during a policy year for all coverage(s) and coverage extensions, including Soft Costs, Business Income and Loss of Rents, in or endorsed on this policy.

The aggregate Sub-limit of Insurance below for Pollutant Clean Up is the most we will pay for *loss* in any one *occurrence* and during a policy year.

Flood	Per Occurrence	\$ Not Covered
	Annual Aggregate	\$ Not Covered
Earth movement	Per Occurrence	\$ Not Covered
	Annual Aggregate	\$ Not Covered
Pollutant clean up	Per Occurrence	\$ 25,000
	Annual Aggregate	\$ 25,000

Escalation Clauses

New Construction Escalation Clause Not Covered %

Soft Costs Escalation Percentage Not Covered %

**IV. Premium**

Premium	\$ 70,656
Minimum Premium	\$ 17,664
Reporting	
Reporting Period	Not Applicable
Adjustment Period	Not Applicable
Reporting Basis	Rate
Completed Value	\$ Not Applicable
Values at Risk	\$ Not Applicable
Values Installed	\$ Not Applicable
Other	\$ Not Applicable
Deposit Premium	\$ Not Applicable
Minimum Premium	\$ Not Applicable

V. Deductible

The deductible applicable to all *losses* in any one *occurrence*: \$ 50,000

Except:

<i>Earth movement</i>	\$ Not Covered
<i>Flood</i>	\$ Not Covered
<i>Named windstorm</i>	\$ 50,000

Where a percentage amount is shown in the *earth movement* or *flood* deductibles, the deductible amount shall be the greater of the dollar amount shown or the stated percentage of the total insured *values at risk at time of loss*.

Other	\$ Not Covered
Other	\$ Not Covered

Soft Costs

Dollar amount	\$ Not Applicable
Number of days	14 Days



Business Income

Dollar amount \$ Not Applicable

Number of days Not Applicable

Loss of Rents

Dollar amount \$ Not Applicable

Number of days 14 Days

VI. Mortgage & Loss Payee

Name & Address

Interest in Covered Property

U.S. Bank National Association
Commercial Real Estate
170 South Main Street, 6th Floor
Salt Lake City, UT 84101

Mortgagee/Loss Payee/Additional Insured

VII. Attached Forms

These declarations, the forms attached and all endorsements attached and issued on or after the effective date constitute the Policy.

Date: 07/26/2015

Authorized Representative



BUILDERS RISK XTRA COVERAGE FORM

General Information

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the *Named Insured* shown in the Declarations. The words "we", "us", and "our" refer to the Company providing the insurance.

Other words and phrases that appear in italics have special meanings. Refer to the DEFINITIONS section in this Coverage Form.

A. Coverage

We will pay for direct physical loss to Covered Property from any of the Covered Causes of Loss.

1. Covered Property, as used in this coverage form means:

The project described on the Declarations during the course of construction, reconstruction or renovation at the *project site*.

Covered Property includes:

- a. Property of every kind and description intended to become a permanent part of the building or structure described in the Declarations. This may be your property or the property of others for which you are liable and in your care, custody or control. This property includes building excavations and foundations; grading and filling; permanent fencing; sidewalks, curbs, gutters, streets, parking lots and other paved surfaces; and other permanent structures;
- b. If not covered by other insurance and if values are reported to us for premium calculation, *temporary structures* on site, including cribbing, scaffolding and construction forms.
- c. Property in transit, including in transit via the inland waterways of the United States and Canada, that is intended to become a permanent part of the building or structure described in the Declarations, provided a separate Sub-limit of Insurance is shown for such coverage in the Declarations.
- d. Property in temporary storage or staging areas, away from the *project site* intended to become a permanent part of the building or structure described in the Declarations, provided a separate Sub-limit of Insurance is shown for such coverage in the Declarations.
- e. Existing building(s) or structure(s) if the project is a renovation or reconstruction, provided a separate Sub-limit of Insurance is shown for such coverage in the Declarations.

2. Property Not Covered

Covered Property does not include:

- a. Land (including land on which the project is located) or water
- b. Accounts, bills, currency, deeds, evidences of debt, money, notes or securities;
- c. Property while airborne except while in transit;
- d. Property while waterborne except while in transit;



- e. Machinery, tools or equipment not intended to become a permanent part of the project described on the Declarations;
- f. Property in storage that is not specifically designated or identified for the project described on the Declarations;

3. Covered Causes of Loss

This policy covers risks of direct physical loss to the Covered Property, except those causes of loss listed in the Exclusions.

4. When Coverage Begins and Ends

Coverage will begin on the date shown on the Builders Risk Declarations and will end on the earliest of the following:

- a. When your financial interest in the project ends;
- b. When the purchaser accepts the project as complete;
- c. The expiration date shown on the Declarations;
- d. The date the policy is cancelled;
- e. The date you abandon the construction;
- f. 60 days after a certificate of occupancy is issued.

5. Occupancy

You may occupy up to 50% of the square footage of the project for the purpose originally intended without our written consent. We may require additional premium if the hazard is increased. You agree that all planned fire protection and security systems will be installed and operational prior to and during such occupancy. You may also install and store machinery and equipment within a project and this will not be considered occupancy.

6. Coverage Extensions

The limit of insurance for each Extension of Coverage is a sub-limit and is part of and not in addition to the Occurrence Limit of Insurance shown on the Declarations.

a. Debris Removal Expense

We will pay your expenses to remove debris of Covered Property after a loss. Debris removal expenses will be paid only if they are reported to us within 180 days after the date of direct physical loss.

The most we will pay for expense for Debris Removal Expense in any one occurrence is the Sub-limit of Insurance for Debris Removal shown on the Declarations.

Debris Removal Expense does not apply to expense for:

- 1) The cost to extract pollutants from land, water or Covered Property;
- 2) The cost to remove, restore or replace polluted land, water or Covered Property;
- 3) The cost to transport polluted land, water or Covered Property to storage or decontamination sites.

b. Pollutant Clean Up

We will pay your expense to extract pollutants from land, water or Covered Property at the project site listed on the Declarations if the discharge, dispersal, seepage, migration, release or escape of the pollutants is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss first occurs.



This Coverage Extension does not apply to costs to test for, monitor or assess the existence, concentration or effects of *pollutants*. But we will pay for testing which is performed in the course of extracting the *pollutants* from the land or water.

The most we will pay for expense is the Sub-limit of Insurance shown on the Declarations for Pollution Clean Up for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

c. Protection of Property

If it is necessary to remove Covered Property from a *project site*, temporary storage, or staging area to preserve it from *loss* by a Covered Cause of Loss, we will cover direct physical *loss* to that property while it is being moved or while temporarily stored at another location.

You must tell us about the removal within ten (10) days of first moving such property or else no coverage will apply to the removed property.

The most we will pay for *loss* in any one *occurrence* is the Sub-limit of Insurance shown on the Declarations for the *project site* from which Covered Property was removed.

We will also pay up to \$25,000 for necessary additional expenses incurred as a result of moving the Covered Property to a temporary location to preserve Covered Property from a Covered Cause of Loss.

d. Protection Service Charges

We will pay up to the Sub-limit of Insurance shown on the Declarations in any one *occurrence* when a fire department, police department or other governmental authority is called to an project because of a *loss* by a Covered Cause of Loss to Covered Property, when these services charges are:

- 1) Assumed by contract or agreed to prior to *loss*; or
- 2) Required by local ordinance.

e. Fire Protection Systems

We will pay the actual expense you incur to recharge or refill any fire protection systems discharged in an attempt to save or protect Covered Property from *loss* by fire or explosion.

The most we will pay in any one *occurrence* for Fire Protection Services is the Sub-limit of Insurance shown on the Declarations.

f. Valuable Papers and Records

We will pay for *loss* to your valuable papers or records, such as blueprints, plans, drawings or data processing media caused by or resulting from a Covered Cause of Loss.

The most we will pay for *loss* in any one occurrence to research, replace or restore those valuable papers or records is the Sub-limit of Insurance shown on the Declarations.

g. Installed Trees and Shrubs

We will pay for *loss* to installed or planted trees and shrubs if they are damaged or destroyed by fire, lightning, explosion, riot or civil commotion, or an aircraft.

The most we will pay for *loss* in any one *occurrence* is the Sub-limit of Insurance for Installed Trees and Shrubs shown on the Declarations. The amount includes the cost of debris removal.

h. Expediting Expenses



We will pay the reasonable extra costs to make temporary repairs, and to expedite the permanent repair or replacement of the Covered Property which is damaged by a Covered Cause of Loss. The amount we will pay includes additional wages for overtime; night work, and work on public holidays and the extra costs of express freight or other rapid means of transportation.

The most we will pay in any one occurrence is the Sub-limit of Insurance for Expediting Expense shown on the Declarations.

i. Loss Data Preparation Costs

We will pay the reasonable and necessary costs or expenses you incur to prepare loss data required by policy conditions after a loss by a Covered Cause of Loss. This includes the cost of taking inventory, making appraisals and preparing other data to determine the extent of your covered loss.

This Additional Coverage does not include costs or expenses for:

- 1) Public Adjusters or any firm or entity acting in the capacity of a public adjuster, including their employees, agents, or representatives;
- 2) Legal and paralegal fees;
- 3) Claim consultants, insurance brokers or agents, or any person acting on behalf of a claim consultant or insurance broker or agent;
- 4) Costs associated with the negotiation or presentation of any claim or part of a claim that we have told you is in dispute or that we have denied;
- 5) Costs or expenses which are your normal overhead or operating expense;
- 6) Costs or expenses associated with trying to establish that a claim or part of a claim is covered by the policy.

The most we will pay in any one occurrence is the Sub-limit of Insurance for Loss Data Preparation Costs shown on the Declarations.

j. Contract Penalty

We will pay the contract penalties for non-completion of the project you are required to pay as a direct result of a Covered Cause of Loss to Covered Property. The penalties must be specified in the construction contract, signed prior to the start of construction.

The most we will pay in any one occurrence is the Sub-limit of Insurance for Contract Penalty shown on the Declarations.

k. Furniture and Fixtures

We will pay for loss to furniture and fixtures you place or install in the project. This property is covered while awaiting installation, during installation and after installation but only on the project site.

The most we will pay for loss in any one occurrence is the Sub-limit of Insurance for Furniture and Fixtures shown on the Declarations.

l. Office and Construction Trailers/Semi-trailers and their Contents

We will pay for loss to office and construction trailers/semi-trailers, and their contents that you own or are in your care, custody or control while in, on or within 1000 feet of the project site covered by this policy.



This coverage includes furniture and fixtures, but does not apply to *loss* of tools or other contractors equipment, jewels, jewelry, watches, stamps, deeds, letters of credit, documents, tickets, plans, blueprints, specifications or other valuable papers.

This insurance is excess over any other valid and collectible insurance available to the owner of the property.

The property covered by this Extension of Coverage will be valued at its *Actual Cash Value*.

The most we will pay for *loss* in any one *occurrence* is the Sub-limit of Insurance for Office and Construction Trailers shown on the Declarations.

m. Limited Coverage For Fungus, Wet Rot, Dry Rot or Bacteria

- 1) The coverage described below only applies when *fungus*, wet rot, dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further *loss* at the time of and after the *occurrence*.

Explosion; windstorm or hail; smoke; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; *water damage*.

To the extent that limited coverage is provided for *fungus*, wet rot, dry rot or bacteria with respect to *loss* or damage by a Cause of Loss other than fire or lightning, we will not pay for *loss* or damage caused by or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 or more consecutive days.

- 2) The term *loss* or damage under this Coverage Extension for *fungus*, wet rot, dry rot or bacteria means:
 - a) Direct physical *loss* or damage to Covered Property caused by *fungus*, wet rot, dry rot or bacteria, including the cost of removal of the *fungus*, wet rot, dry rot or bacteria;
 - b) The cost to tear out and replace any part of Covered Property as needed to gain access to the *fungus*, wet rot, dry rot or bacteria; and
 - c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that *fungus*, wet rot, dry rot or bacteria are present.
- 3) The most we will pay for *loss* or damage under the coverage provided in m.1. is \$25,000. Regardless of the number of claims, this Sub-limit of Insurance is the most we will pay for the total of all *loss* or damage arising out of all occurrences described in m.1. which take place during the policy term. We will not pay more than a total of \$25,000 even if the *fungus*, wet rot, dry rot or bacteria continues to be present or active, or recurs, after the policy expiration.
- 4) The Limited Coverage provided does not increase the applicable Limit of Insurance on any Covered Property nor the Occurrence Limit of Insurance shown on the Declarations. If a particular occurrence results in *loss* or damage from *fungus*, wet rot, dry rot or bacteria, and other *loss* or damage, we will not pay more, for the total of all *loss* or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered *loss* to Covered Property, not caused by *fungus*, wet rot, dry rot or bacteria, *loss* payment will not be limited by the terms of this limited coverage, except to the extent that *fungus*, wet rot, dry rot or bacteria causes an increase in the *loss*. Any such increase in the *loss* will be subject to the terms of the Limited Coverage.

- 5) 5)a) or 5)b), set forth below apply only if Business Income and/or Loss of Rents and/or Soft Cost coverage is provided in the Policy and applies to the described premises and only if the suspension of operations satisfies all terms and conditions of the applicable Business Income and/or Loss of Rents and/or Soft Cost endorsement(s).



- a) If the *loss* which resulted in *fungus*, wet rot, dry rot or bacteria does not in itself necessitate a suspension of operations, but such suspension is necessary due to *loss* to property caused by *fungus*, wet rot, dry rot or bacteria, then any payment, if applicable under Business Income and/or Loss of Rents and/or Soft Cost is limited to the amount of *loss* and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b) If a covered suspension of operations was caused by *loss* or damage other than *fungus*, wet rot, dry rot or bacteria but remediation of *fungus*, wet rot, dry rot or bacteria prolongs the "period of restoration", we will pay for *loss* and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.
- c) If the policy is endorsed to provide Ordinance Or Law Coverage with respect to property damage, Business Income or Loss of Rents or Soft Cost, we will not pay under the Ordinance Or Law Coverage for:
 - (1) *Loss* or damage sustained due to the enforcement of any ordinance or law that requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of *fungus*, wet rot, dry rot or bacteria;
 - (2) The costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *fungus*, wet rot, dry rot or bacteria.

B. Exclusions

1. We will not pay for *loss* caused directly or indirectly by any of the following. Such *loss* is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the *loss*.
 - a. **Governmental Action**
 Seizure or destruction of property by order of governmental authority.
 But we will pay for *loss* caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.
 - b. **Nuclear Hazard**
 - 1) Any weapon employing atomic fission or fusion; or
 - 2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct *loss* caused by that fire if the fire would be covered under this Coverage Form.
 - c. **War And Military Action**
 - 1) War, including undeclared or civil war;
 - 2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - 3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
 - d. **Pollution**
 Loss caused by or resulting from the presence, release, discharge or dispersal of *pollutants*.
 - e. **Earth Movement**
 - f. **Flood**



g. Utility Services

The failure of power or other utility services supplied to the project, provided the failure occurs off of the *project site*.

But we will pay for *loss* which results from that failure.

Exclusions B.1.a. through B.1.g. apply whether or not the *loss* event results in widespread damage or affects a substantial area.

h. Fungus

We will not pay for *loss* caused directly or indirectly by the presence, growth, proliferation or spread of *fungus*, wet rot, dry rot or bacteria. Such *loss* or damage is excluded regardless of any other cause or event that contributes con-currently or in any sequence to the *loss*.

But if *fungus*, wet rot, dry rot or bacteria results in:

Fire; lightning; explosion; windstorm or hail; smoke; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; *water damage*, we will pay for *loss* caused by that peril.

This exclusion does not apply:

- 1) When *fungus*, wet rot, dry rot or bacteria results from fire or lightning; or
- 2) To the extent that coverage is provided in the Coverage Extension – Limited Coverage For Fungus, Wet Rot, Dry Rot or Bacteria with respect to *loss* by a cause of *loss* other than fire or lightning.

2. We will not pay for *loss* caused by or resulting from the following:

- a. Delay, loss of market, loss of use or consequential loss of any kind.
- b. Shortage found upon taking inventory.
- c. Mysterious Disappearance.
- d. Unexplained *loss*.
- e. Dishonest or criminal act committed by:
 - 1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - 2) A manager or a member if you are a limited liability company;
 - 3) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - 4) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.
- f. Asbestos, including *loss* or clean-up caused by or resulting from asbestos or asbestos containing materials.
- g. Rain, sleet, ice or snow, all whether drive by wind or not, entering the interior of any Covered Property, unless:
 - 1) The exterior of Covered Property is complete; and
 - 2) Only if the exterior of Covered Property first sustains *loss* by a Covered Cause of Loss, through which rain, sleet, ice or snow enters.



The exterior of Covered Property is complete only when it has been constructed to a point that it is fully weather resistant and all of the final components of the exterior of the structure and its systems have been completely and permanently installed. The final components include but are not limited to:

- 1) The roof and roof drainage systems;
- 2) Exterior walls including siding;
- 3) Windows;
- 4) Doors;
- 5) Vents and ventilation systems;
- 6) Mechanical and electrical systems.

3. We will not pay for *loss* caused by or resulting from any of the following. But if a *loss* from a Covered Cause of Loss results, we will pay for the resulting *loss*.

- a. Wear and tear, inherent vice, hidden or latent defect, gradual deterioration, marring or scratching
- b. Settling, subsidence, cracking, shrinking, or expansion;
- c. Dryness or dampness of atmosphere;
- d. Extremes or changes in temperature;
- e. Animals and insects.

4. We will not pay for *loss* caused by or resulting from any of the following. But if a *loss* from a Covered Cause of Loss results, we will pay for the resulting *loss*:

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph B.1. Exclusions, to produce the *loss*.
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or government body.
- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, process, construction methods, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation, or remodeling; or
 - (4) Maintenance;
 of part or all of any property on or off the described premises.

C. Limits of Insurance

The most we will pay for *loss* in any one *occurrence* is the applicable Limit of Insurance shown on the Declarations.

The aggregate Sub-limits of Insurance on the Declarations for the perils of *earth movement* and *flood* are the most we will pay for *loss* in any one *occurrence* and during a policy year for all coverage(s) and coverage extensions, including Soft Costs, Business Income and Loss of Rents, in or endorsed on this policy.

The aggregate Sub-limit of Insurance shown on the Declarations for Pollutant Clean Up is the most we will pay for *loss* in any one *occurrence* and during a policy year.

The existence of one or more Additional Insureds will not increase any Limit or Sub-limit of Insurance.



D. Deductible

We will not pay for *loss* in any one *occurrence* until the amount of the adjusted *loss* exceeds the applicable deductible shown on the Declarations and/or any endorsements to this policy. We will then pay the amount of the adjusted *loss* in excess of the deductible up to the applicable Limit of Insurance.

If more than one deductible amount applies in a single occurrence, we will adjust *loss* in excess of the highest deductible amount.

If a percentage amount is shown for the deductible(s) of *earth movement or flood*, the percentage shall be applied against the *values at risk at time of loss*.

Deductibles for Business Income, Loss of Rents, or Soft Costs, if these coverages are endorsed on this policy, always apply separately and in addition to the deductible(s) for the other coverages provided in this policy.

E. Additional Conditions

The following conditions apply in addition to the Common Policy and Inland Marine Conditions.

1. Valuation

If the lost or damaged Covered Property is new construction, we will pay the actual cost of repairing, replacing, or rebuilding the property with materials of similar kind and quality.

If the lost or damaged Covered Property is in the process of renovation or reconstruction, we will pay:

- a. The *actual cash value* of the existing building(s) or structure(s) if covered by this policy; and
- b. The cost of labor and materials that have been added up to the time of *loss*.

We will include an additional 15% of the amount(s) above or the percentage for contractor profits and overhead included in the total value of the job you furnish us in calculating your premium, whichever is less. This does not apply to determining the value of existing structures, if covered.

We will pay the least of the following for *loss* to Covered Property valued at *actual cash value*:

- a. The *actual cash value* of Covered Property;
- b. The cost of reasonably restoring Covered Property to its condition immediately prior to the *loss*;
- c. The cost of replacing the property with substantially identical property.

2. Coinsurance Agreement

No coinsurance agreement applies to the coverage provided by this form.

You are required to submit the final completed value of the project to us within 60 days of the policy expiration date. If the final completed value varies by more than 5% of our Occurrence Limit of Insurance, we will charge you or return to you the appropriate additional or return premium. Additional or return premiums of less than \$250 will be waived.

3. Mortgage Holders

The entities listed on the Declarations and designated as a mortgage holders are added to this policy for the project covered by this policy, subject to the following terms and conditions:



The term mortgage holder includes trustee.

- a. We will pay for covered *loss* to buildings or structures to each mortgage holder shown in the mortgage holder schedule in their order of precedence, as interests may appear.
- b. The mortgage holder has the right to receive *loss* payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- c. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgage holder will still have the right to receive *loss* payment if the mortgage holder:
 - 1) Pays any premium due under this policy at our request if you have failed to do so.
 - 2) Submits a signed, sworn proof of *loss* within 60 days after receiving notice from us of your failure to do so; and
 - 3) Has notified us of any change in ownership, occupancy, or substantial change in risk known to the mortgage holder.

All terms of this policy will then apply directly to the mortgage holder.

- d. If we pay the mortgage holder for any *loss* and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
 - 1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - 2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- e. If we cancel this policy, we will endeavor to give written notice to the mortgage holder at least:
 - 1) 15 days before the effective date of cancellation, if we cancel for your non-payment of premium; or
 - 2) 60 days before the effective date of cancellation, if we cancel for any other reason.
- f. If we do not renew the policy, we will endeavor give written notice to the mortgage holder at least 60 days before the expiration date of this policy. Our failure to provide notice to the mortgage holder will not invalidate our non-renewal.

4. Transfer of Rights of Recovery to Us

If we pay a claim under this policy, we are assigned, to the extent of our payment, your related rights of recovery against all other liable people and/or entities. You have an obligation to fully cooperate with us in enforcing these assigned rights. You may not waive these rights you assign to us after the *loss* occurs. You agree to sign any papers, deliver them to us, and do anything else that is necessary to help us exercise our rights.

You have a limited right to waive your rights against another party before the *loss* occurs. With the exception of the liability of Architects and Engineers for professional errors and omissions, and the liability of manufacturers, suppliers and sellers of goods for product liability, defects in design and manufacture, warranties and guarantees, you may otherwise waive your rights against another party in writing prior to *loss* to Covered Property.

Waivers pre-*loss* that are in accordance with these terms will not restrict or limit your insurance.



5. Loss Payees

The entities listed on the Declarations and designated as a *Loss Payee* are added to this policy for the project covered by this policy, subject to the following terms and conditions:

We will adjust a *loss* by a Covered Cause of Loss with you and the *Loss Payee(s)* shown on the Declarations and we will pay you and the *Loss Payee(s)*, up to their interest in Covered property, the amount we owe, if anything.

6. Contractual Additional Insureds

The following are added as Additional Insureds under this policy but only to the extent required by a written contract or sub-contract for the project covered by this policy, executed prior to the date of *loss*, and only as their respective interests may appear in Covered Property:

- a. Owners;
- b. Contractors and sub-contractors of every tier; and
- c. Any other individual or entity specified in such contract or sub-contract.

F. Definitions

1. *Loss* means accidental *loss* or damage.
2. *Occurrence* means all *loss* attributable directly or indirectly to one cause, event, incident or repeated exposure to the same cause, event or incident, or to one series of similar causes, events, incidents or repeated exposures to the same cause, event or incident first occurring in the policy period. All such *loss* will be treated as one *occurrence* irrespective of the period of time or area over which such *loss* occurs, unless a specific period of time is included in this policy. The most we will pay for *loss* in any one *occurrence* is the applicable Limit of Insurance shown on the Declarations.

Each physical *loss* caused by *earth movement* and/or *flood*, if these are covered perils, will constitute a single *occurrence*. If more than one *earth movement* and/or *flood* occurs within any period of (72) hours during the term of this policy, you may elect the moment when the (72) hours of coverage will begin.

We will not pay for *loss* caused by or resulting from any *earth movement* or *flood* first occurring before the inception date and time of this policy, or for any *loss* first occurring after the expiration date and time of this policy.

3. *Pollutant* means any solid, liquid, gaseous or thermal irritant or contaminant, including vapor, fumes, acids, soot, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
4. *Earth movement* means earthquake, landslide, mudslide, mudflow, volcanic eruption, earth sinking (other than sinkhole collapse), rising, shifting, mine subsidence, or other *earth movement*, whether observable or not observable, and whether man-made or caused by natural phenomena.
5. *Flood* means a general and temporary condition during which the surface of normally dry land is partially or completely inundated, which arises from:
 - a. Rain and resultant runoff;
 - b. The rising, overflow or breach of any boundary of a natural or man-made body of water; or
 - c. Waves, tides, tidal waves or movements, storm surge, tsunami, or spray from any of these; whether driven by wind or not.

Flood does not mean the accumulation of water from any source on a roof or other surface of a building, dwelling or structure.



6. *Actual cash value* means the replacement cost at the time of *loss*, of the property damaged or destroyed, less depreciation.
7. *Project site* means the legal address on which Covered Property is being built, renovated, or reconstructed.
8. *Temporary structure* means cribbing, scaffolding, construction forms and other similar property.
9. *Water damage* means any *loss* from water except *loss* caused by or resulting from *flood*.
10. *Named windstorm* means any windstorm or weather disturbance assigned a name by the National Weather Service, Insurance Service Offices, or any other recognized meteorological authority.
11. *Fungus* means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.
12. *Specified cause of loss* means: fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice, or sleet; *water damage*.
13. *Values at risk at time of loss* means the value of all Covered Property, at the location(s) damaged in the *loss*, on the date of *loss*.



INLAND MARINE CONDITIONS

These Conditions apply to the entire Inland Marine Coverage Part, including any endorsements. However, endorsements can also change these Conditions, so be sure to read carefully any endorsements attached to or made part of this Coverage Part.

LOSS CONDITIONS

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

C. Duties In The Event Of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.



8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
10. Cooperate with us in the investigation or settlement of the claim.

D. Insurance Under Two Or More Coverages

If two or more of the Inland Marine Coverage Part's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

E. Loss Payment

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
2. We will not pay you more than your financial interest in the Covered Property.
3. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
5. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:
 - a. We have reached agreement with you on the amount of the loss; or
 - b. An appraisal award has been made.
6. We will not be liable for any part of a loss that has been paid or made good by others.

F. Other Insurance

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

G. Pair, Sets Or Parts

1. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- b. Pay the difference between the value of the pair or set before and after the loss or damage.



2. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

I. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

J. Transfer of Rights Of Recovery To Us

If we pay a claim under the Inland Marine Coverage Part, we are assigned, to the extent of our payment, your related rights of recovery against all other liable people and/or entities. You have an obligation to fully cooperate with us in enforcing these assigned rights. You may not waive these rights you assign to us after the loss occurs. You agree to sign any papers, deliver them to us, and do anything else that is necessary to help us exercise our rights.

You have a limited right to waive your rights against another party before the loss occurs. With the exception of the liability of Architects and Engineers for professional errors and omissions, and the liability of manufacturers, suppliers and sellers of goods for product liability, defects in design and manufacture, warranties and guarantees, you may otherwise waive your rights against another party in writing prior to loss to Covered Property.

Waivers pre-loss that are in accordance with these terms will not restrict or limit your insurance

K. Our Options After A Loss

If you have a loss, we can:

1. Take all or part of the property at its agreed or appraised value; or
2. Pay for the loss in cash; or
3. Repair, rebuild, or replace the destroyed or damaged property with other property of like kind and quality within a reasonable time. We will tell you our intentions to do so within 30 days after receiving your proof of loss; or
4. Make any adjustments or payments to others if they own the property that was destroyed or damaged.

GENERAL CONDITIONS

A. Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or



4. A claim under this Coverage Part.

B. Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

D. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

E. Coverage Territory

We cover property wherever located within the United States or Canada, except that we do not cover property in transit by water or by air to and from Alaska or to and from Hawaii.

F. Valuation

Unless modified in an individual coverage form, the value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before loss or damage; or
3. The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

G. Renewal

We have the option, but not the obligation to renew or continue the policy from year to year. We will base the premium for each renewal on our rules and rates that are current at the time of renewal.

H. Sole Agent

If more than one person or organization is insured under this policy, the first one named in the Declarations will act on behalf of all others.

I. Certificates Of Insurance

Any Certificate of Insurance issued in connection with the Inland Marine Coverage Part shall be issued solely as a matter of convenience or information for the addressee(s) or holder(s) of said Certificate of Insurance. The Inland Marine Coverage Part may only be modified by endorsement issued by the Company.



J. Conformity With Law

If any of the terms of the Inland Marine Coverage Part (and forms attached to it) conflict with the statutes of the state in which the policy is issued, the Inland Marine Coverage Part is amended to conform with such statutes.



COMMON POLICY CONDITIONS

These Conditions apply to the entire policy, including any endorsements. However, endorsements can also change these Conditions, so be sure to read carefully any endorsements attached to or made part of this policy.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 45 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

Notice to any producer or knowledge possessed by any such producer will not:

1. Change any part of this policy;
2. Remove any provisions from the policy; or
3. Keep us from enforcing any of the rights this policy gives us.

C. Examination of Your Books and Records

We can also, at any reasonable time, examine and audit your books and records for anything we believe might relate to this insurance. We have the right to examine and audit your books and records for three years after your policy expires.

D. Inspections and Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.



2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

You agree to pay the premium shown in the Declarations on the first day this policy takes effect. If you are paying the premium in installments, you agree to pay the first installment on this day and the remainder of the installments when they are due.

F. Transfer of Your Rights and Duties under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

NUCLEAR, BIOLOGICAL, CHEMICAL, RADIOLOGICAL EXCLUSION ENDORSEMENT

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

**BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART**

The following exclusions are added to your Policy or Coverage Part.

This insurance does not apply to:

- | | |
|--|--|
| <p>A. Loss or damage arising directly or indirectly from nuclear detonation, reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy or Coverage Part, however such nuclear detonation, reaction, nuclear radiation or radioactive contamination may have been caused. This exclusion replaces any other nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination exclusions found elsewhere in this Policy.</p> | <p>B. Loss or damage arising directly or indirectly from the dispersal, application or release of, or exposure to, chemical, radiological, or biological materials or agents, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy or Coverage Part, however such dispersal, application, release or exposure may have been caused.</p> |
| <p>C. If this endorsement is attached to a Commercial Inland Marine Policy or Coverage Part, the term loss or damage is changed to Loss.</p> | |

AMENDATORY ENDORSEMENT – WASHINGTON

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

**BUILDERS RISK XTRA COVERAGE FORM
HIGH VALUED HOME BUILDERS RISK COVERAGE FORM
INLAND MARINE CONDITIONS**

General Condition A, Concealment, Misrepresentation and Fraud, in the Inland Marine Conditions is replaced by the following:

Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

Loss Condition F, Other Insurance, in the Inland Marine Conditions is replaced by the following:

Other Insurance

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

Mortgage Holders

Additional Condition 3, Mortgage Holders, in the Builders Risk XTRA Coverage Form is deleted in its entirety.

Definition of Actual Cash Value

The definition of *Actual Cash Value* in Paragraph F, Definitions, is deleted and replaced by the following:

Actual Cash Value means the replacement cost new at the time of loss, of the property damaged or destroyed, less depreciation.

All other terms and conditions remain unchanged.

BUILDERS RISK QUOTA SHARE LIMITS OF INSURANCE AND DEDUCTIBLE ENDORSEMENT

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

BUILDERS RISK XTRA COVERAGE FORM

Our participation in this policy is shown below:

Occurrence Limit of Insurance

The most we will pay for all *loss* resulting from all Covered Causes of *Loss* in any one *occurrence* is \$ 19,264,228 being a 50 % of a total *Occurrence* Limit of Insurance of \$ 38,528,455.

Sub-limits of Insurance

The most we will pay for all *loss* resulting from all Covered Causes of *Loss* in any one *occurrence* from any one Sub-limit of Insurance is 50% of the applicable Sub-limit of Insurance shown on the Declarations.

Our percentage share of any Sub-limit of insurance is part of and not in addition to our percentage share of the *Occurrence* Limit of Insurance, shown above.

Deductible

We will deduct 50 % of the deductible amounts shown on the Declarations from the amount of the adjusted *loss*.

All other terms and conditions remain unchanged.

WASHINGTON CANCELLATION AND NON-RENEWAL ENDORSEMENT

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

BUILDERS RISK XTRA COVERAGE FORM

Paragraph A. Cancellation of the Common Policy Conditions, ACE0223, is deleted in its entirety and replaced by the following:

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by notifying us or the insurance producer in one of the following ways:
 - a. Written notice by mail, fax or e-mail;
 - b. Surrender of the policy or binder; or
 - c. Verbal notice.

Upon receipt of such notice, we will cancel this policy or any binder issued as evidence of coverage, effective on the later of the following:

- a. The date on which notice is received or the policy or binder is surrendered; or
 - b. The date of cancellation requested by the first Named Insured.
2. We may cancel this policy by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation, including the actual reason for the cancellation, to the last mailing address known to us, at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 45 days before the effective date of cancellation if we cancel for any other reason.
3. We will also mail or deliver to any mortgage holder, pledgee or other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of cancellation, prior to the effective date of cancellation. This notice will be the same as that mailed or delivered to the first Named Insured.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be at least 90% of the pro rata refund.

The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

The following condition is added to the Common Policy Conditions, ACE0223:

Nonrenewal

1. We may elect not to renew this policy by mailing or delivering written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured and the first Named Insured's agent or broker, at their last mailing addresses known to us. We will also mail to any mortgage holder, pledgee or other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of nonrenewal. We will mail or deliver these notices at least 45 days before the:
 - a. Expiration of the policy; or
 - b. Anniversary date of this policy if this policy has been written for a term of more than one year.

Otherwise, we will renew this policy unless:

- a. The first Named Insured fails to pay the renewal premium after we have expressed our willingness to renew, including a statement of the renewal premium, to the first Named Insured and the first Named Insured's insurance agent or broker, at least 20 days before the expiration date;
- b. Other coverage acceptable to the insured has been procured prior to the expiration date of the policy; or
- c. The policy clearly states that it is not renewable and is for a specific line, sub-classification, or type of coverage that is not offered on a renewable basis.

All other terms and conditions remain unchanged.

ELECTRONIC DATA AMENDMENT ENDORSEMENT

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART**

A. When this endorsement is attached to the Standard Property Policy the term Coverage Part in this endorsement is replaced by the term Policy.

B. This endorsement replaces and supersedes any and all contrary policy provisions. This policy does not insure against loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of:

1. "Electronic Data" by any cause whatsoever (including but not limited to "Computer Virus"); and/or

2. "Electronic Media" caused by or resulting from the loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of "Electronic Data";

regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of "Electronic Data" or "Electronic Media".

This exclusion does not apply to loss or damage to "Electronic Data" or "Electronic Media" caused by or resulting from the Perils of Fire; Lightning; Explosion; Windstorm or Hail; Smoke; Aircraft or Vehicles; Riot and Civil Commotion; Willful or malicious physical loss or damage by a means other than computer virus; Leakage from fire extinguishing equipment; Sinkhole collapse; Falling Objects, Weight of snow, ice or sleet, Water Damage; Building glass breakage; Sonic Boom; Flood, Earth Movement or Volcanic Action, if and to the extent such Perils are already covered by this or by any underlying policy.

C. As respects the Commercial Property Coverage Part, the Valuation Loss Condition is replaced by the following with respect to "Electronic Media" or "Electronic Data":

"Electronic Media" or "Electronic Data" shall be valued at the cost of the blank media plus the costs of copying or restoring "Electronic Data" from back-up or from originals of a previous generation, and including all reasonable and necessary amounts, not to exceed \$2,500 any one occurrence, incurred in recreating, gathering and assembling such "Electronic Data".

This Policy does not insure any amount pertaining to the value of such "Electronic Data" to the insured or any other party, even if such "Electronic Data" cannot be recreated, gathered or assembled. If not repaired, replaced or restored, "Electronic Media" shall be valued at the cost of the blank media.

- D. As respects the Commercial Inland Marine Coverage Part, the Valuation General Condition is replaced by the following with respect to "Electronic Media" or "Electronic Data":

"Electronic Media" or "Electronic Data" shall be valued at the cost of the blank media plus the costs of copying or restoring "Electronic Data" from back-up or from originals of a previous generation, not including research and engineering or the costs or expense of recreating, gathering or assembling such "Electronic Data".

This Policy does not insure any amount pertaining to the value of such "Electronic Data" to the insured or any other party, even if such "Electronic Data" cannot be recreated, gathered or assembled. If not repaired, replaced or restored, "Electronic Media" shall be valued at the cost of the blank media.

E. Definitions

1. "Electronic Data" means facts, concepts, information or data, including compilations thereof, in a form useable or intended for use or processing by "Computers" or for storage on "Electronic Media". "Electronic Data" includes but is not limited to files, programs, applications, operating systems, and other coded instructions for the processing, calculation and storage of facts, concepts and information by "Computers".

2. "Electronic Media" means any physical device that holds, stores, contains or transfers "Electronic Data", and includes but is not limited to disks, drives, films, tapes, records, drums, or cells.
3. "Computers" includes but is not limited to mainframes, servers, workstations and portable "Computers", personal information managers, wide and local area network hardware, electronic and electromechanical equipment, data processing equipment, electronic controls for machinery, electronically programmed memory chips, and electronically controlled communication equipment.
4. "Computer Virus" means instructions, code, applications or any software program that has the ability or is suspected to have the ability to damage, destroy, erase, corrupt, alter, or prevent access to "Electronic Data", "Electronic Media" or "Computers" or to disrupt or interfere with the operations of "Computers".

Authorized Agent

TRADE OR ECONOMIC SANCTIONS ENDORSEMENT

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number I08877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance, but not limited to, the payment of claims. All other terms and conditions of policy remain unchanged.

Authorized Agent

COMMERCIAL INLAND MARINE
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

- A. The Conditions of this Coverage Part that are in conflict with the statutes of the State of Washington are amended to conform to such statutes.
- B. Loss Condition B. **Appraisal** in the Commercial Inland Marine Conditions is replaced by the following:
- B. Appraisal**
- If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their difference to the umpire. A decision agreed to by any two will be binding. Each party will:
1. Pay its chosen appraiser; and
 2. Bear the other expenses of the appraisal and umpire equally.
- C. General Condition C. **Legal Action Against Us** in the Commercial Inland Marine Conditions is replaced by the following:
- C. Legal Action Against Us**
- No one may bring a legal action against us under this Coverage Part unless:
1. There has been full compliance with all the terms of this Coverage Part; and
 2. The action is brought within two years after you first have knowledge of the direct loss or damage.
- If this action is brought pursuant to Sec. 3 of RCW 48.30 then 20 days prior to filing such an action, you are required to provide written notice of the basis for the cause of action to us and the Office of the Insurance Commissioner. Such notice may be sent by regular mail, registered mail, or certified mail with return receipt requested.
- D. In each of the Commercial Inland Marine Coverage Forms, in the section titled **Exclusions**, any introductory paragraph preceding an exclusion or list of exclusions is replaced by the following paragraph, which pertains to application of those exclusions:
- We will not pay for loss or damage caused by any of the excluded events described below. Loss or damage will be considered to have been caused by an excluded event if the occurrence of that event:
1. Directly and solely results in loss or damage; or
 2. Initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.
- E. With respect to the:
- Camera And Musical Instrument Dealers Coverage Form
 - Equipment Dealers Coverage Form
 - Floor Plan Coverage Form
 - Jewelers Block Coverage Form
- the following replaces the **Water** Exclusion in the Coverage Form:
- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or
 - (2) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1).
- This exclusion applies if any of the above, in Paragraphs (1) and (2):
- (a) Occurs independently;
 - (b) Is caused by an act of nature;
 - (c) Is caused by an act or omission of humans or animals; or
 - (d) Is attributable to the failure, in whole or in part, of a dam, levee, seawall or other boundary or containment system.

But if any of the above, in Paragraphs (1) and (2), results in fire, explosion or theft, we will pay for the loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this Coverage Form.

This exclusion only applies to property at your premises.

F. The Weather Conditions Exclusion is deleted from the following:

- Commercial Articles Coverage Form
- Physicians And Surgeons Equipment Coverage Form
- Signs Coverage Form
- Theatrical Property Coverage Form
- Film Coverage Form
- Accounts Receivable Coverage Form
- Valuable Papers And Records Coverage Form

G. With respect to the:

- Camera And Musical Instrument Dealers Coverage Form
- Equipment Dealers Coverage Form
- Floor Plan Coverage Form
- Jewelers Block Coverage Form

the **Weather Conditions** Exclusion is replaced by the following exclusion:

a. Weather Conditions

A weather condition which results in Water, as described in Paragraphs E.(1) and E.(2).

But if loss or damage by fire, explosion or theft results, we will pay for the loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this Coverage Form.

This exclusion only applies to property at your premises.

H. Except as provided in Paragraph I., the following sentence is added to each exclusion in:

1. Paragraph B.3. of all Commercial Inland Marine Coverage Forms except the Mail Coverage Form and the Accounts Receivable Coverage Form; and
2. Paragraph B.4. of the Accounts Receivable Coverage Form:

But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

I. In the Commercial Articles, Camera And Musical Instrument Dealers, Equipment Dealers, Physicians And Surgeons Equipment, Signs, Theatrical Property, Floor Plan, Jewelers Block and Valuable Papers And Records Coverage Forms, Exclusion B.3.e. is replaced by the following:

- e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation; mechanical breakdown; insects, vermin, rodents; corrosion, rust, dampness, cold or heat. But if loss or damage by a cause of loss not otherwise excluded or by collapse, as provided in the Additional Coverage Collapse, results, we will pay for the loss or damage caused by that Covered Cause of Loss.

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WASHINGTON COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

The conditions in this endorsement replace any similar conditions in the policy that are less favorable to the insured.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by notifying us or the insurance producer in one of the following ways:

- a. Written notice by mail, fax or e-mail;
- b. Surrender of the policy or binder; or
- c. Verbal notice.

Upon receipt of such notice, we will cancel this policy or any binder issued as evidence of coverage, effective on the later of the following:

- a. The date on which notice is received or the policy or binder is surrendered; or
- b. The date of cancellation requested by the first Named Insured.

2. We may cancel this policy by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation, including the actual reason for the cancellation, to the last mailing address known to us, at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 45 days before the effective date of cancellation if we cancel for any other reason;

except as provided in Paragraphs 3. and 4. below.

3. We may cancel the Commercial Property Coverage Part and the Capital Assets Program (Output Policy) Coverage Part, if made a part of this policy, by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation at least five days before the effective date of cancellation for any structure where two or more of the following conditions exist:

- a. Without reasonable explanation, the structure is unoccupied for more than 60 consecutive days, or at least 65% of the rental units are unoccupied for more than 120 consecutive days, unless the structure is maintained for seasonal occupancy or is under construction or repair;
- b. Without reasonable explanation, progress toward completion of permanent repairs to the structure has not occurred within 60 days after receipt of funds following satisfactory adjustment or adjudication of loss resulting from a fire;
- c. Because of its physical condition, the structure is in danger of collapse;
- d. Because of its physical condition, a vacation or demolition order has been issued for the structure, or it has been declared unsafe in accordance with applicable law;
- e. Fixed and salvageable items have been removed from the structure, indicating an intent to vacate the structure;
- f. Without reasonable explanation, heat, water, sewer and electricity are not furnished for the structure for 60 consecutive days; or
- g. The structure is not maintained in substantial compliance with fire, safety and building codes.

4. If:

- a. You are an individual;
- b. A covered auto you own is of the "private passenger type"; and
- c. The policy does not cover garage, automobile sales agency, repair shop, service station or public parking place operations hazards;

we may cancel the Commercial Automobile Coverage Part by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation, including the actual reason for cancellation, to the last mailing address known to us:

- a. At least 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. At least 10 days before the effective date of cancellation for any other reason if the policy is in effect less than 30 days; or
- c. At least 20 days before the effective date of cancellation for other than nonpayment if the policy is in effect 30 days or more; or
- d. At least 20 days before the effective date of cancellation if the policy is in effect for 60 days or more or is a renewal or continuation policy, and the reason for cancellation is that your driver's license or that of any driver who customarily uses a covered "auto" has been suspended or revoked during policy period.

- 5. We will also mail or deliver to any mortgage holder, pledgee or other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of cancellation, prior to the effective date of cancellation. If cancellation is for reasons other than those contained in Paragraph A.3. above, this notice will be the same as that mailed or delivered to the first Named Insured. If cancellation is for a reason contained in Paragraph A.3. above, we will mail or deliver this notice at least 20 days prior to the effective date of cancellation.

- 6. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

- 7. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be at least 90% of the pro rata refund unless the following applies:

- a. For Division Two – Equipment Breakdown, if the first Named Insured cancels, the refund will be at least 75% of the pro rata refund.

b. If:

- (1) You are an individual;
- (2) A covered auto you own is of the "private passenger type";
- (3) The policy does not cover garage, automobile sales agency, repair shop, service station or public parking place operations hazards; and
- (4) The first Named Insured cancels;

the refund will be not less than 90% of any unearned portion not exceeding \$100, plus 95% of any unearned portion over \$100 but not exceeding \$500, and not less than 97% of any unearned portion in excess of \$500.

The cancellation will be effective even if we have not made or offered a refund.

- 8. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

The policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspection And Surveys

- 1. We have the right to:

- a. Make inspections and surveys at any time;
- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations, and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or
- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

G. Nonrenewal

1. We may elect not to renew this policy by mailing or delivering written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured and the first Named Insured's agent or broker, at their last mailing addresses known to us. We will also mail to any mortgage holder, pledgee or other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of nonrenewal. We will mail or deliver these notices at least 45 days before the:

- a. Expiration of the policy; or
- b. Anniversary date of this policy if this policy has been written for a term of more than one year.

Otherwise, we will renew this policy unless:

- a. The first Named Insured fails to pay the renewal premium after we have expressed our willingness to renew, including a statement of the renewal premium, to the first Named Insured and the first Named Insured's insurance agent or broker, at least 20 days before the expiration date;
- b. Other coverage acceptable to the insured has been procured prior to the expiration date of the policy; or
- c. The policy clearly states that it is not renewable and is for a specific line, subclassification, or type of coverage that is not offered on a renewable basis.

2. If:

- a. You are an individual;
- b. A covered auto you own is of the "private passenger type"; and
- c. The policy does not cover garage, automobile sales agency, repair shop, service station or public parking place operations hazards;

the following applies to nonrenewal of the Commercial Automobile Coverage Part in place of G.1.:

- a. We may elect not to renew or continue this policy by mailing or delivering to you and your agent or broker written notice at least 20 days before the end of the policy period, including the actual reason for nonrenewal. If the policy period is more than one year, we will have the right not to renew or continue it only at an anniversary of its original effective date. If we offer to renew or continue and you do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.
- b. We will not refuse to renew Liability Coverage or Collision Coverage solely because an "insured" has submitted claims under Comprehensive Coverage or Towing And Labor Coverage.
- c. If we fail to mail or deliver proper notice of nonrenewal and you obtain other insurance, this policy will end on the effective date of that insurance.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.



Washington Square Hotel Holdings
Policyholder

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury---in consultation with the Secretary of Homeland Security, and the Attorney General of the United States---to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$2,826, and does not include any charges for the portion of losses covered by the United States government under the Act.

**NUCLEAR, BIOLOGICAL, CHEMICAL, RADIOLOGICAL EXCLUSION
ENDORSEMENT - WASHINGTON**

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

**BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART**

The following exclusions are added to your Policy or Coverage Part:

We will not pay for loss or damage caused by any of the excluded events described below. Loss or damage will be considered to have been caused by an excluded event if the occurrence of that event:

1. Directly and solely results in loss or damage; or
2. Initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.

Exclusions:

- A. Loss or damage arising directly or indirectly from nuclear detonation, reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy or Coverage Part, however such nuclear detonation, reaction, nuclear radiation or radioactive contamination may have been caused. This exclusion replaces any other nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination exclusions found elsewhere in this Policy.
- B. Loss or damage arising directly or indirectly from the dispersal, application or release of, or exposure to, chemical, radiological, or biological materials or agents, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this Policy or Coverage Part, however such dispersal, application, release or exposure may have been caused.

But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss

- C. If this endorsement is attached to a Commercial Inland Marine Policy or Coverage Part, the term loss or damage is changed to Loss.

All other terms and conditions remain unchanged.

PROTECTIVE SAFEGUARDS

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

BUILDERS RISK XTRA COVERAGE FORM

A. THEFT VANDALISM AND MALACIOUS MISCHIEF COVERAGE

As a condition precedent to theft, vandalism, and malicious mischief coverage provided by this policy, you agree that during the term of coverage the following protective safeguards will be maintained at every project site covered by this policy.

The protective safeguards to which this endorsement applies are indicated by an "X" below:

1. Fencing

- ☒ The entire project site will be surrounded with a six foot chain link fence suitably anchored in the ground a reasonable distance from Covered Property. Gates through the chain link fence will be securely locked during non-working hours.

2. Lighting

- ☐ The entire project site will be illuminated from sunset to sunrise, each day.

3. Guard Services

- ☒ You will employ a guard person, whose sole duty will be the security of any covered project site, who will be on the premises of the project site during all non-working hours. This guard will be equipped with a telephone for immediate use.
- ☐ You will employ a security service with one or more guards with a recording system or watch clock, making no less frequently than hourly rounds covering the entire project site during all non-working hours. The guard or guards will record or have a watch clock record the time of each inspection round. The guard or guards will be equipped with a telephone for immediate use.

We will not pay for loss caused by or resulting from theft, vandalism or malicious mischief if you do not maintain these protective safeguards during the term of this policy.

B. FIRE COVERAGE

As a condition precedent to fire coverage provided by this policy, you agree that during the term of coverage the following protective safeguards will be maintained at every project site covered by this policy.

The protective safeguards to which this endorsement applies are indicated by an "X" below:

1. Cutting and Welding

- ☐ All combustible materials will be moved at least twenty five (25) feet away from the cutting or welding area(s) or will be covered or shielded by non-combustible material.
- ☐ All floor, wall, window and other openings including gaps, cracks or spaces in the building or structure, within twenty five (25) feet of the cutting or welding area(s) will be covered by non-combustible material.
- ☐ Dedicated stand-by firefighting equipment will be provided at the cutting or welding area.
- ☐ A designated employee, trained in the use of the stand-by firefighting equipment, will be assigned the sole responsibility of fire watch and will remain on duty at the cutting or welding area during cutting or welding operations and for at least two hours after such operations have ceased.

2. Fire Hydrants

- ☐ Prior to the start of construction, fire hydrants will be installed within the project site's boundaries or within 100 feet thereof and will be connected to a public water supply, tested, and fully operational.

3. Fencing

- ☒ The entire project site will be surrounded with a six foot chain link fence suitably anchored in the ground a reasonable distance from Covered Property. Gates through the chain link fence will be securely locked during non-working hours.

4. Lighting

- ☐ The entire project site will be illuminated from sunset to sunrise, each day.

5. Guard Services

- ☒ You will employ a guard person, whose sole duty will be the security of any covered project site, who will be on the premises of the project site during all non-working hours. This guard will be equipped with a telephone for immediate use.
- ☐ You will employ a security service with one or more guards with a recording system or watch clock, making no less less frequently than hourly rounds covering the entire project site during all non-working hours. The guard or guards will record or have a watch clock record the time of each inspection round. The guard or guards will be equipped with a telephone for immediate use.

We will not pay for loss caused by or resulting from fire if you do not maintain these protective safeguards during the term of this policy.

All other terms and conditions remain unchanged.

LOSS OF RENTS ENDORSEMENT

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

BUILDERS RISK XTRA COVERAGE FORM

Coverage

We will pay for the actual Loss of Rents you sustain during the *period of indemnity* as a result of a *delay in the completion date* of the project covered by this policy and described on the Declarations. This *delay in the completion date* must be caused by or be the result of a Covered Cause of Loss to Covered Property. All exclusions and conditions in the coverage form to which this endorsement is attached also apply to this coverage.

Sub-limit of Insurance

The most we will pay for Loss of Rents is the Sub-limit of Insurance shown on the Declarations.

If we cover *flood or earth movement* and a *loss* is caused by or results from one of these perils, the amount you can recover under this endorsement will be limited by the Annual Aggregate Sub-limit(s) of Insurance shown on the Declarations.

This Sub-limit of Insurance is part of and not in addition to the Occurrence Limit of Liability shown on the Declarations.

Expenses for Reducing Your Loss

We will also pay any expenses you incur that actually reduce your Loss of Rents loss (except expenses for putting out a fire). But, the amount we pay for these expenses may not total more than the amount by which your loss is reduced.

Civil Authority

We will pay for the actual Loss of Rents you sustain as a result of a *delay in the completion date* of the insured project, caused by action of civil authority that prohibits access to the *project site* described in the Declarations or to any temporary location or staging area, due to direct physical *loss* to property, other than at the *project site* described on the Declarations, caused by or resulting from a Covered Cause of Loss. This coverage will apply for a period of up to thirty (30) days from the date of that action.

Utility Services

We will pay for the actual Loss of Rents you sustain as a result of a *delay in the completion date* of the insured project caused by or resulting from direct physical *loss* by a Covered Cause of Loss to utility property supplying the *project site* with power and other services. The *loss* must be away from the project site. This coverage will not apply to *loss* to overhead transmission lines.

Deductible

We will not pay for Loss of Rents until the adjusted claim exceeds the deductible shown on the Declarations.

If a dollar amount is shown on the Declarations, we will subtract this amount from the amount of the adjusted claim. This will be done for each *occurrence*.

If a number of days is shown on the Declarations, that number of consecutive days must expire before we cover your Loss of Rents. The calculation of days begins with the date of *loss*. Any Loss of Rents during those days is not included as part of the calculation of your Loss of Rents loss.

The deductible period for Civil Authority is seven (7) days beginning on the date of the action by the civil authority.

Additional Exclusions

We will also not pay for Loss of Rents caused by or resulting from:

1. Delay caused by strikers, or anyone else at a covered location, interfering with efforts to repair damage or resume business;
2. Damages for breach of contract, late or non-completion of orders, or for any penalties of any nature;
3. The suspension, lapse or cancellation of any lease, license, contract or order; or
4. The unavailability of funds for repair or reconstruction; or
5. The unavailability of subcontractors.
6. The enforcement of any ordinance or law that:
 - a. Regulates the construction, use or repair, or requires the tearing down of any property; or
 - b. Requires any insured or others to test for, monitor, *clean-up*, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *pollutants*.

Additional Condition

It is a condition of this coverage that, in the event of a *loss*, you will make every attempt to reduce the resultant *delay in the completion date* of business by:

1. Making complete or partial use of the Covered Property or other properties at the scheduled location or another location;
2. Making use of other machinery, equipment, supplies;
3. Minimizing any interference with the construction schedule to avoid or reduce any resulting delay; or
4. Doing everything you reasonably can to minimize the *loss*.

Additional Definition

1. *Delay in the completion date* means the period of time between the scheduled completion date and the date the insured project is actually completed.
2. *Period of indemnity* means the time period shown on the Declarations. The *period of indemnity* begins after the expiration of the deductible period, if the deductible is a number of days, and will not be limited or otherwise affected by the expiration, cancellation or termination of the policy to which this endorsement is attached.
3. *Rents* means:
 - a. The net rental income you would have received from tenant occupied space, provided occupancy is permitted by this policy, during a *delay in the completion date*; and
 - b. The net fair rental value of any portion of the insured project, provided occupancy is permitted by this policy, *delay in the completion date*.

All other terms and conditions remain unchanged.

ORDINANCE OR LAW ENDORSEMENT

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number I08877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

BUILDERS RISK XTRA COVERAGE FORM

Coverages

1. Coverage A - Loss to the Undamaged Portion of the Building

If a Covered Cause of Loss occurs to Covered Property, we will pay for the reduction in value of the undamaged portion of the building or structure as a consequence of enforcement of any ordinance or law that is in force at the time of loss and that:

- Requires the demolition of parts of Covered Property not damaged by a Covered Cause of Loss; and
- Regulates the construction or repair of buildings or structures, or establishes zoning or land use requirements at the described premises.

The amount of insurance for this coverage is included in the Sub-limit of Insurance for New Construction shown on the Declarations. Any payment under this coverage will erode the Sub-limit of Insurance New Construction.

2. Coverage B - Demolition Costs

If a Covered Cause of Loss occurs to Covered Property, we will pay the cost to demolish and clear the *project site* of undamaged parts of Covered Property caused by the enforcement of a building, zoning or land use ordinance or law that is in force at the time of loss.

3. Coverage C - Increased Cost of Construction

If a Covered Cause of Loss occurs to the Covered Property, we will pay for the increased cost to:

- Repair or reconstruct damaged portions of Covered Property; and/or
- Reconstruct or remodel undamaged portions of Covered Property, whether or not demolition is required;

when the increased cost is a consequence of enforcement of a building, zoning or land use ordinance or law that is in force at the time of loss.

However:

- This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by a zoning or land use ordinance or law.
- We will not pay for the increased cost of construction if the building or structure is not repaired, reconstructed or remodeled.

4. Sub-limits of Insurance

The most we will pay for costs in any one *occurrence* for Coverage A, Coverage B or Coverage C are the Sub-limits of Insurance shown on the Declarations:

These Sub-limits of Insurance are part of and not in addition to the Occurrence Limit of Insurance shown on the Declarations.

5. How a Loss will be Determined

- a. When **Coverage A** applies, *loss* to the building or structure, including loss in value of the undamaged portion of the building or structure due to enforcement of an ordinance or law, will be determined as follows:

If the building or structure is repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

- 1) The amount you actually spend to repair, rebuild or reconstruct the building or structure, but not for more than the amount it would cost to restore the building or structure on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
- 2) The Limit of Insurance shown in the Declarations as applicable to the New Construction property.

- b. When **Coverage B** applies the loss will be determined as follows:

We will not pay more than the lesser of the following:

- 1) The amount you actually spend to demolish and clear the site of the Insured Project; or
- 2) The applicable Limit of Insurance shown for Coverage B in the Schedule above.

- c. When **Coverage C** applies the loss will be determined as follows:

- 1) We will not pay under Coverage C:
 - a) Until the Covered Property is actually repaired or replaced, at the same or another premises; and
 - b) Unless the repairs or replacement are made as soon as reasonably possible after the *loss*, not to exceed two years. We may extend this period in writing during the two years.
- 2) If the building or structure is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
 - a) The increased cost of construction at the same premises; or
 - b) The applicable Limit of Insurance shown for Coverage C in the Schedule above.
- 3) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
 - a) The increased cost of construction at the new premises; or
 - b) The applicable Limit of Insurance shown for Coverage C in the Schedule above.

6. Additional Conditions

- a. The coverage in this endorsement does not apply to the previously existing building(s) or structure(s).
- b. The terms of this endorsement apply separately to each building or structure to which this endorsement applies.

7. Additional Exclusions

We will not pay for *loss* due to any ordinance or law that:

- a. You were required to comply with before the *loss*, even if the building or structure undamaged and you failed to comply with such ordinance or law before the *loss*.
- b. Requires you to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", including asbestos or asbestos containing materials.

All other terms and conditions remain unchanged.

SOFT COSTS ENDORSEMENT

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

BUILDERS RISK XTRA COVERAGE FORM

Coverage

We will pay the necessary *Soft Costs* you incur during the *period of indemnity* as a result a *delay in the completion date* of the project covered by this policy and described in the Declarations. The *delay in the completion date* must be caused by or be the result of a Covered Cause of Loss to Covered Property. All exclusions and conditions in the coverage form to which this endorsement is attached also apply to this coverage.

Soft Costs means those expenses relating to Covered Property listed on the Declarations.

Sub-limits of Insurance

The most we will pay for all *Soft Costs* covered by this endorsement is the Sub-limit of Insurance shown on the Declarations. However, we will not pay more than the Sub-limit of Insurance shown for each category of *Soft Costs*.

If we cover *flood or earth movement* and a *loss* is caused by or results from one of these perils, the amount you can recover under this endorsement will be limited by the Annual Aggregate Sub-limit(s) of Insurance shown on the Declarations.

These Sub-limits of Insurance are part of and not in addition to the Occurrence Limit of Insurance shown on the Declarations.

Escalation Clause

The Sub-limits of Insurance for Soft Costs shown on the Declarations are considered provisional Sub-limits of Insurance. Should an increase in the estimated Soft Costs occur, the applicable Sub-limit of Insurance for Soft Costs will automatically increase to reflect the change concurrently, subject to a maximum increase of the percentage of the original Sub-limits of Insurance shown on the Declarations. The Occurrence Limit of Insurance shown on the Declarations will increase by the same amount.

You must report the increase in value to us within 60 days of it being known to you and pay us an additional premium at the rates stated elsewhere in this policy.

During the term of this policy, we will not automatically increase the Sub-limit of Insurance for Soft Costs by more than the increase percentage shown on the Declarations.

Expenses for Reducing Your Loss

We will also pay any expenses you have that actually reduce your *loss* (except expenses for putting out a fire). But, the amount we pay for these expenses may not total more than the amount by which they reduce in *loss*.

Civil Authority

We will pay for Soft Costs *loses* you sustain as a result of a *delay in the completion date* of the insured project, caused by action of civil authority that prohibits access to the location(s) described in the Declarations due to direct physical *loss* to property, other than at the described location(s), caused by or resulting from a Covered Cause of Loss. This coverage will apply for a period of up to thirty (30) days from the date of that action.

Utility Services

We will pay for the loss of Soft Costs you sustain as a result of a *delay in the completion date* of the insured project, caused by or resulting from direct physical *loss* by a Covered Cause of Loss to utility property supplying the *project site* with power and other services. The *loss* must be away from the project site. This coverage will not apply to *loss* to overhead transmission lines.

Deductible

We will not pay a *loss* for *Soft Costs* until the adjusted claim exceeds the deductible shown on the Declarations:

If a dollar amount is shown on the Declarations, we will subtract this amount from the amount of the adjusted claim. This will be done for each *occurrence*.

If a number of days is shown on the Declarations, that number of consecutive days must expire before we cover your Soft Costs loss. The calculation of days begins with the date of *loss*. Any loss of Soft Costs during those days is not included as part of the calculation of your Soft Costs loss.

The deductible period for Civil Authority is seven (7) days beginning on the date of the action by the civil authority.

Additional Exclusions

We will also not pay for *loss* caused by or resulting from:

1. Delay caused by strikers, or anyone else at a covered location, interfering with efforts to repair damage or resume business;
2. Damages for breach of contract, late or non-completion of orders, or for any penalties of any nature;
3. The suspension, lapse or cancellation of any lease, license, contract or order;
4. The unavailability of funds for repair or reconstruction;
5. The unavailability of subcontractors;
6. Faulty workmanship, faulty process, defective materials, or faulty construction methods;
7. Errors, omissions, or defects in the design, drawings or planning of the building or structure; or
8. Any change orders that you initiate that not are the result of an ordinance or law.

Ordinance or Law Coverage Limitation

If Ordinance or Law Coverage is endorsed onto this policy and the enforcement of any ordinance or law:

1. Regulating the construction, use or repair, or requires the tearing down of any property; or
2. Requires any you or others to test for, monitor, *clean-up*, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *pollutants*;

causes an additional *delay in the completion date* that would not have occurred except for the addition of this coverage, the most we will pay for under this endorsement is an additional delay of up to thirty days. If the additional delay is more than 30 days, we won't pay for the period beyond 30 days.

If Ordinance or Law Coverage is not endorsed onto this policy, the following additional exclusion applies to this coverage:

9. The enforcement of any ordinance or law that:
 - a. Regulates the construction, use or repair, or requires the tearing down of any property; or
 - b. Requires any you or others to test for, monitor, *clean-up*, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *pollutants*.

Additional Condition

It is a condition of this coverage that, in the event of a *loss*, you will make every attempt to reduce the resultant *delay in the completion date* of business by:

1. Making complete or partial use of the Covered Property or other properties at the scheduled location or another location;
2. Making use of other machinery, equipment, supplies;
3. Minimizing any interference with the construction schedule to avoid or reduce any resulting delay; or
4. Doing everything you reasonably can to minimize the *loss*.

Additional Definitions

Delay in the completion date means the period of time between the scheduled completion date and the date the insured project is actually completed or should have been completed with reasonable speed and similar quality.

Period of Indemnity means the time period shown on the Declarations. The *period of indemnity* begins after the expiration of the deductible period, if the deductible is a number of days, and will not be limited or otherwise affected by the expiration, cancellation or termination of the policy to which this endorsement is attached.

All other terms and conditions remain unchanged.

MINIMUM EARNED PREMIUM ENDORSEMENT

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL INLAND MARINE COVERAGE PART

If you cancel this policy before the expiration date of the policy, we will charge you a minimum earned premium, as set forth below. If we cancel the policy, no minimum earned premium applies.

The minimum earned premium for this policy is \$17,664

If you cancel the policy, we will calculate the return premium as set forth in the Common Policy Conditions, the policy Reporting Endorsement, if any, and amendatory endorsements, if any, attached to this policy. After we determine your return premium we will subtract it from the policy term premium to determine the earned premium.

We will then compare our earned premium to the minimum earned premium above. If the earned premium is less than the minimum earned premium, we will return to you the difference between the policy term premium and the minimum earned premium. If the earned premium is more than the minimum earned premium, we will return to you the difference between the policy term premium and the earned premium determined as set forth in the Common Policy Conditions, the policy Reporting Endorsement, if any, and amendatory endorsements, if any, attached to this policy.

All other terms and conditions remain unchanged.



**ACE Producer Compensation
Practices & Policies**

ACE believes that policyholders should have access to information about ACE's practices and policies related to the payment of compensation to brokers and independent agents. You can obtain that information by accessing our website at <http://www.aceproducercompensation.com> or by calling the following toll-free telephone number: 1-866-512-2862.

IL P 001 01 04

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



Claims Directory

Property and Inland Marine

Claims or Loss Notices related to this policy should be reported to the following:

Claim Office	Email and Fax	Location
ACE North American Claims	<p>First Notices Email: ACEClaimsFirstNotice@acegroup.com</p> <p>First Notices Fax: (877)-395-0131 (Toll Free) (302)-476-7254 (Local)</p> <p>Phone: (800)-433-0385 - Business Hours (800)-523-9254 – After Hours</p>	P.O. Box 5122 Scranton, PA 18505-0554

SIGNATURES

Named Insured Washington Square Hotel Holdings			Endorsement Number
Policy Symbol IMC	Policy Number 108877099 001	Policy Period 07/14/2015 to 01/14/2017	Effective Date of Endorsement
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

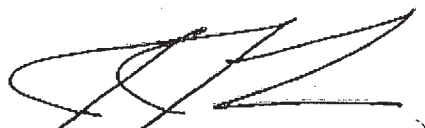
THE ONLY SIGNATURES APPLICABLE TO THIS POLICY ARE THOSE REPRESENTING THE COMPANY NAMED ON THE FIRST PAGE OF THE DECLARATIONS.

By signing and delivering the policy to you, we state that it is a valid contract.

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA (A stock company)
 BANKERS STANDARD FIRE AND MARINE COMPANY (A stock company)
 BANKERS STANDARD INSURANCE COMPANY (A stock company)
 ACE AMERICAN INSURANCE COMPANY (A stock company)
 ACE PROPERTY AND CASUALTY INSURANCE COMPANY (A stock company)
 INSURANCE COMPANY OF NORTH AMERICA (A stock company)
 PACIFIC EMPLOYERS INSURANCE COMPANY (A stock company)
 ACE FIRE UNDERWRITERS INSURANCE COMPANY (A stock company)
 WESTCHESTER FIRE INSURANCE COMPANY (A stock company)

436 Walnut Street, P.O. Box 1000, Philadelphia, Pennsylvania 19106-3703


 REBECCA L. COLLINS, Secretary


 JOHN J. LUPICA, President

 Authorized Representative